

**STICKIT TECHNOLOGIES INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
(formerly Aquazoom Hydropower Solutions Inc.)**

**March 31, 2024**

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**STICKIT TECHNOLOGIES INC**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim financial statements of the Company for the three months ended March 31, 2024 have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants for a review of interim financial statements by an entity's auditors.

**STICKIT TECHNOLOGIES INC**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**CAD in thousands**

	Note	As of March 31,		As of
		2024	2023	December 31, 2023
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		659	930	827
Trade accounts receivable- Stickit Thailand		42	-	42
Other accounts receivable		193	103	114
Inventories – finished goods		38	109	38
<b>Total current assets</b>		<b>932</b>	<b>1,142</b>	<b>1,021</b>
<b>Non-current assets</b>				
Right for use of leased assets		-	2	-
Fixed assets		11	28	17
<b>Total non-current assets</b>		<b>11</b>	<b>30</b>	<b>17</b>
<b>Total assets</b>		<b>943</b>	<b>1,172</b>	<b>1,038</b>
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Excess of losses over investment in associate joint venture companies		147	81	147
Trade accounts payable		-	83	-
Other accounts payable		352	25	368
<b>Total current liabilities</b>		<b>499</b>	<b>189</b>	<b>515</b>
<b>Non-current liabilities</b>				
Deferred income		69	-	71
<b>Total non-current liabilities</b>			<b>189</b>	<b>71</b>
<b>Total liabilities</b>		<b>568</b>	<b>189</b>	<b>586</b>
<b>Shareholders' Equity</b>				
Share capital		48,123	4	48,123
Share premium		4,047	4,168	4,047
Reserve for share-based payment transactions		964	964	964
Foreign currency translation adjustments		215	15	204
Accumulated deficit		(52,974)	(4,168)	(52,886)
<b>Total equity</b>		<b>375</b>	<b>983</b>	<b>452</b>
<b>Total equity and liabilities</b>		<b>943</b>	<b>1,172</b>	<b>1,038</b>

/s/ "Eli Ben-Haroosh"

**Eli Ben Harosh**

Chief Executive Officer and Director

/s/ "Sophie Galper-Komet"

**Sophie Galper Komet**

Chief Financial Officer

**May 30, 2024**

Date of approval of the financial statements

**The accompanying notes are an integral part of these financial statements.**

**STICKIT TECHNOLOGIES INC**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

CAD in thousands

	For the year ended March 31,		
	2024	2023	2023
Revenues	8	127	203
Cost of revenue	60	38	154
	<b>(52)</b>	<b>89</b>	<b>49</b>
<b>Gross profit</b>			
Research and development expenses	-	69	101
General and administrative expenses	30	186	1,004
Other expenses (income)	-	-	-
Issuance costs in reverse acquisition	-	-	47,695
<b>Net Operating loss</b>	<b>82</b>	<b>(166)</b>	<b>(48,751)</b>
Equity in net loss (earning) of investees	-	1	64
Finance expense	6	1	(8)
Finance income	-	65	2
<b>Loss</b>	<b>(88)</b>	<b>(103)</b>	<b>(48,821)</b>
<b>Other comprehensive loss:</b>			
Amounts that will not be reclassified subsequently to profit or loss:			
Foreign currencies translation adjustments	11	(24)	(165)
Total other comprehensive income (loss)	11	(24)	(165)
<b>Total comprehensive loss</b>	<b>(77)</b>	<b>(127)</b>	<b>(48,986)</b>
<b>Loss per share attributable to ordinary shareholders of the Company:</b>			
Basic and diluted loss per share	<b>(0.0008)</b>	<b>(0.001)</b>	<b>(0.046)</b>

The accompanying notes are an integral part of these financial statements.

**STICKIT TECHNOLOGIES INC**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**CAD in thousands**

	Share Capital	Share Premium	Share-based Payments transactions	Foreign Currencies translation adjustments	Accumulated Deficit	Total
Balance as of January 1, 2024 (Audited)	48,123	4,047	964	204	(52,886)	452
Loss for the period	-	-	-	-	(88)	(88)
Other comprehensive income	-	-	-	11	-	11
Balance as of March 31, 2024 (Non-Audited)	<u>48,123</u>	<u>4,047</u>	<u>964</u>	<u>215</u>	<u>(52,974)</u>	<u>375</u>
Balance as of January 1, 2023 (Audited)	3	3,101	1,862	39	(4,065)	940
Exercise of stock options	1	1,067	(993)	-	-	75
Share-based payments	-	-	95	-	-	95
Loss for the year	-	-	-	-	(103)	(103)
Other comprehensive loss	-	-	-	(24)	-	(24)
Balance as of March 31, 2023 (Non-Audited)	<u>4</u>	<u>4,168</u>	<u>964</u>	<u>15</u>	<u>(4,168)</u>	<u>983</u>
Exercise of stock options	(*)	1,100	(993)	-	-	107
Share-based payments	-	-	95	-	-	95
Loss for the year	-	-	-	-	(48,821)	(48,821)
Other comprehensive loss	-	-	-	165	-	165
Reverse acquisition	48,120	(154)	-	-	-	47,966
Balance as of December 31, 2023	<u>48,123</u>	<u>4,047</u>	<u>964</u>	<u>204</u>	<u>(52,886)</u>	<u>452</u>

\* Represent amount less than CAD 1

**The accompanying notes are an integral part of these financial statements.**

## CONSOLIDATED STATEMENTS OF CASH FLOWS

CAD in thousands

	For the year ended March 31,		For the year ended December 31,
	2024	2023	2023
<u>Cash flows from operating activities</u>			
Loss	(88)	(103)	(48,821)
Adjustments required for presenting Cash flows and cash equivalents from operating activities (Appendix A):	(86)	(11)	48,076
Net cash used to operating activities	(174)	(114)	(745)
<u>Cash flows from investing activities</u>			
Investment in associate joint venture company	-	-	-
Purchase of fixed assets	-	(1)	-
Net cash used in investing activities	-	(1)	-
<u>Cash flows from financing activities</u>			
Shares issuance and premium on shares	-	75	107
Repayment of loans	-	-	-
Cash from Reverse merge	-	-	316
Net cash provided by financing activities	-	75	423
Net increase/(decrease) in cash and cash equivalents	(174)	(40)	(322)
Exchange rate differences on balances of cash and cash equivalents	6	(25)	154
Cash and cash equivalents at the beginning of year	827	995	995
Cash and cash equivalents at the end of year	659	930	827

### Appendix A - Adjustments required for presenting cash flows from operating activities:

	For the period of three months ended March 31,		For the year ended December 31,
	2024	2023	2023
<b>Significant non-cash transactions:</b>			
Depreciation	6	2	20
Share-based payments	-	95	95
Issuance costs in reverse acquisition	-	-	47,695
Equity in net loss of investees	-	1	69
<b>Changes in operating assets and liabilities:</b>			
Increase in accounts payable	(12)	(3)	348
Increase (decrease) in trade accounts receivable	-	(29)	(42)
decrease in inventories	-	(66)	4
Decrease (increase) in other accounts receivable	(79)	(30)	6
Increase (decrease) in trade accounts payable	(1)	19	(119)
	(86)	(11)	48,076

### SUPPLEMENTARY INFORMATION ON NON-CASH INVESTING AND FINANCING ACTIVITIES

The accompanying notes are an integral part of these financial statements.

**STICKIT TECHNOLOGIES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**CAD in thousands (except for number of shares and share price)**

**Note 1 - General**

**A. General description of the Company and its operations**

STICKIT LIMITED an Israeli corporation ID 516091360 (hereafter: "**Stickit LTD**") incorporated on 2019 as a private company limited by shares, in Israel, and commenced its business operations in October, 2019. The registered office of the Company is Tel-Aviv, Hapeleh 7, Israel.

Stickit LTD. has a wholly owned subsidiary in the Spain Stickit Labs SL.

Stickit LTD develop, market and sell high-quality "Cannabis Sticks" based on a registered PCT patent no. 11582996 B2, for which the patent application was assigned to the Company for CAD 0.001 on 1 2021 by Mr. Asher Holzer, President of the Company; designed to be inserted into any cigarette/joint of any kind. The cannabis stick is reminiscent of a toothpick, which allows it to be easily inserted into any cigarette. The stick consists of a source extract of cannabis ingredients (the "green plant") - and not oil-derived - it burns as fast as a cigarette and saves the cumbersome need of rolling and allows the user to consume more percent of active ingredients than any other product.

On October 23, 2023, Stickit Technologies Inc. (formerly Aquazoom Hydropower Solutions Inc.) (the "**Company**") closed its business acquisition of Stickit LTD, accordingly, the Company changed its name to Stickit Technologies Inc. Pursuant to the terms of the Acquisition, the Company issued 110,816,407 common shares (111.1357 common shares in the capital of the Company for each ordinary share in the capital of Stickit) (the "Payment Shares"), at a deemed price of \$0.4304 per Payment Share. Following completion of the Acquisition, Stickit LTD became a wholly owned subsidiary of the Company. Concurrently with completion of the Acquisition, the Company completed a financing of \$441,000. The financing consisted of a total of 1,024,628 subscription receipts at a price of \$0.4304 each, that were converted on a 1:1 basis into the Company's common shares. In addition, in connection with closing of the Acquisition, the Company issued (i) 23,232 finder warrants to arms'-length finders in connection with the Company's concurrent financing, and (ii) 5,342,404 incentive stock options to employees of the Company (111.1357 incentive options in exchange for each the outstanding Stick LTD warrants). The terms of the exercise of the options shall be consistent with the terms of the originally issued underlying Stick LTD's securities. Each of the finder warrants will be exercisable into one common share of the Company at a price of \$0.55 per Company's common share in a period of 24 months from the date of issuance.

Immediately following the completion of the Acquisition, the following persons were appointed as directors of the Company: Eli Ben-Haroosh, Asher Holzer, Sophya Galper-Komet, Steven Glaser, Orit Berger. Also, immediately following the completion of the Acquisition, the following persons were appointed as officers of the Company: Eli Ben-Haroosh, Chief Executive Officer Sophya Galper-Komet, Chief Financial Officer and Corporate Secretary Asher Holzer, Executive Chairman of the Board of Directors.

On October 27th Company's shares commenced trading on the Canadian Securities Exchange (CSE) under the ticker symbol "STKT". Company's CSE listing statement was filed on Stickit's CSE portal and under the Company's profile on SEDAR+.

**STICKIT TECHNOLOGIES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**CAD in thousands (except for number of shares and share price)**

**Note 1 – General (Cont.)**

The purchase price, for the acquisition was approximately CAD 47.7 million, determined in accordance with the value of Stickit LTD.'s capital instruments on October 23, 2023. The excess purchase price over the carrying amount of assets and liabilities value of the company's in the amount of approximately CAD 47.7 million was recorded as registration expenses (issuance expenses) within the profit or loss statements.

The results of the merger transaction by share split resulted in the fact that, from a legal point of view, the company owns Stickit Ltd. Since the controlling owners of Stickit Ltd. gain control of the company, it was determined that Stickit Ltd. is the accounting acquirer of the activity and therefore the transaction was treated as a reverse acquisition which does not constitute Business combination.

Accordingly, in the consolidated financial statements the comparative financial information as of December 31, 2022 and for the two years ended on December 31, 2022, consist of the financial information of the Stickit Limited that is considered as the accounting acquirer for accounting of reverse acquisition.

In connection with the reverse acquisition, the Israeli Tax Authorities issue to Stickit LTD tax ruling that under certain compliance with condition, including a restriction on performing a disposition of the Company and Stickit LTD shares, is differing the tax event arise in the acquisition to the date of actual disposal of the Company's and Stickit LTD Stickit LTD shares.

**B. Definitions**

In these financial statements:

Related parties - as defined in IAS 24

CAD - Canadian dollar

**C. Material event in the reporting period**

**Effects of the “Iron Swords” war**

Following the brutal attacks on Israel, the mobilization of army reserves and the Government declaration of a state of war (“Iron Swords” war) in October 2023, there was a decrease in Israel's economic and business activity. The security situation has led, inter alia, to a disruption in the chain of supply and production, a decrease in the volume of national transportation, a shortage in manpower as well as a decrease in the value of financial assets and a rise in the exchange rate of foreign currencies in relation to the shekel.

The Company has examined the effects of the aforesaid and on the basis of several scenarios that were examined, has reached the conclusion that the Company is able to continue paying its liabilities in the foreseeable future. In this examination, the Company relied on forecasts and on the liquid assets at its disposal, unutilized credit facilities, possibilities for cost cutting, streamlining plans, unencumbered assets, and so forth.

**D. Financial position**

Stickit Limited has incurred continuous losses from its business operations and has generated negative cash flows from operating activities of CAD 52,974 during the first quarter of 2024.

During 2023 the Company incurred losses of CAD 48,821 of which CAD 47,695 resulted from registration and issuance costs from a reverse merger, see Note 1 A.

The Company has so far financed its operations mainly through equity resulting from capital raising.

**STICKIT TECHNOLOGIES INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**CAD in thousands (except for number of shares and share price)**

**Note 1 – General (Cont.)**

The Company is expected to further generate losses from operations which will be expressed in negative cash flows from operating activity. Hence the continuation of the Company's operations depends on raising the required financing resources or reaching profitability, which are not guaranteed at this point. The Company's ability to continue as a going concern, is dependent on the Company meeting the factors of the business plan designed by Management, forecasts and related key assumption, potential liquidity risks and cash flow projection.

As part of their ongoing responsibilities, the Company's Board of Directors and Management have undertaken a thorough review of the Company's cash flow forecast and potential liquidity risks. Forecasts of operating results and cash flow projections were prepared for the period of 12 months from the date of approval of the financial statements. According to such projections, the Company's Board of Directors and Management believe that the Company have sufficient resources for the continuation of its activities and to meet its obligations for at least 12 months from the date of approval of the financial statements.

**Note 2 – Basis of presentation**

These interim consolidated financial statements as of March 31, 2024, were prepared in a condensed format in accordance with IAS 34, "Interim Financial Reporting" (hereafter: "Interim Consolidated Financial Statements").

Therefore, the Interim Consolidated Financial Statements do not include all the disclosure necessary for a complete presentation of financial condition, results of operations, cash flows and all the data and notes, which are required when preparing annual financial statements, in conformity with IFRS.

The Interim Consolidated Financial Statements have been approved by the Directors of the Company on May 30, 2024; and are the responsibility of directors of the Company, who are responsible for preparing the Interim Financial Information in accordance with IFRS.

The Interim Consolidated Financial statements should be read in conjunction with the Company's annual audited financial statements as of December 31, 2023, and for the year then ended and accompanying notes (hereinafter: "Annual Audited Consolidated Financial Statements").

Accounting principles used in the preparation of the Interim Consolidated Financial Statements are consistent with those principles used in the preparation of the latest Annual Audited Consolidated Financial Statements of the Company.

All significant accounting policies have been applied consistently with the Annual Audited Consolidated Financial Statements.