Exelot, Ltd.  
Financial Statements  
As at December 31, 2017

Exelot, Ltd.

Financial Statements as at December 31, 2017

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**Auditor’s Report for Shareholders of Exelot, Ltd.**

We have audited the reports on the attached financial status of the Exelot Company, Ltd. (hereinafter-the Company), on December 31, 2017 and the Profit and Loss Report, and the report on the changes in equity deficit for the year ending on the same date. These Financial Statements are the responsibility of the Company's Board of Directors and Management. Our responsibility is to express an expert opinion on these Financial Statements based on our audits.

The Company's Financial Statements as at December 31, 2016, and the year ending on the same date by other auditors who expressed their unreserved expert opinion on them on June 17, 2018.

We carried out our audit in accordance with accepted auditing standards in Israel, including those standards determined by the Regulations for Auditors (Operational Methods of Accountants) - 1973. According to these standards, we are required to plan the audit, carry it out with the goal of achieving a reasonable degree of assurance that the Financial Statements do not contain any significant misleading presentation. The audit includes a sample check for evidence supporting the sums and information contained in the Financial Statements. The audit also includes a general examination of the accounting rules applied and the material estimates made by the Company’s Board of Directors and Management, as well as suitability of the presentation in the Financial Statements in their entirety. We are of the opinion that our audit provides a suitable basis for expressing our expert opinion.

In our opinion, the above Financial Statements suitably reflect in material aspects the Company’s financial status as at December 31, 2017, and the results of its activities and changes in its equity for the period ending on that date are in accordance with the accepted bookkeeping rules in Israel (Israeli GAAP).

Without qualifying our expert opinion, we call attention to Note 1b annotation in the Financial Statements.

Gozlan Luria & Co., CPA

Tel Aviv,

March 12, 2019

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| **Exelot, Ltd.**  **Financial Status Report** | | | |
|  |  |  | | |
|  |  | **As at December 31** | | |
|  |  | **2017** | **2016\*** | |
|  | **Note** | **New Israel Shekels** | | |
| **Current Assets** |  |  |  | |
| Cash and Cash Value | 3 | 607,293 | 45,000 | |
| Net Accounts Receivable | 4 | 566,154 | – | |
| Accounts Receivable and Debit Balance | 5 | 454,208 | 38,884 | |
|  |  | **1,627,655** | **83,884** | |
| **Net Fixed Assets** | 6 | **108,138** | **95,152** | |
|  |  |  |  | |
|  |  | **1,735,793** | **179,036** | |
| **Current liabilities** | | | | |
| Credit from banking corporations | 7 | 300,778 | 47,271 | |
| Vendors and Service Providers | 8 | 1,317,392 | 57,783 | |
| Accounts Payable and Credit Balances | 9 | 104,771 | 72,547 | |
|  |  | **1,722,941** | **177,601** | |
| **Long-term obligations** | | | | |
| Related Parties |  | 50,000 | 50,000 | |
| Long-term loans from banking corporations | 10 | 158,806 | 280,750 | |
|  |  | **208,806** | **330,750** | |
| **Capital Deficit** | | | | |
| Premium on shares |  | 173,660 | 173,660 | |
| Advance on a share account |  | 2,490,921 | – | |
| Deficit balance |  | (2,860,535) | (502,975) | |
|  |  | **(195,954)** | **(329,315)** | |
|  |  |  |  | |
|  |  | **1,735,793** | **179,036** | |
| \* Reclassified | | | | |
| The attached Notes constitute an inseparable part of the Financial Statements. | | | | |
| March 12, 2019 | |  | | |
| Financial Statements  approval date | | Manager | | |

Exelot, Ltd.

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|  | | **For the year that ended on December 31** | |
| **2017** | **2016\*** |
|  | **Note** | **New Israel Shekels** | |
| Income |  | 1,583,014 | – |
| Sales Cost |  | 1,770,482 | – |
| **Gross Loss** |  | **(187,468)** | **–** |
| Net Research and Development Expenses |  | 311,727 | 254,066 |
| Administrative and general expenses | 12 | 1,790,359 | 226,533 |
| **Operating Loss** |  | **(2,289,554)** | **(480,599)** |
| Net financing expenses |  | 68,006 | 22,376 |
| **Year's Loss** |  | **(2,357,560)** | **(502,975)** |
| \* Reclassified |  |  |  |
| The attached Notes constitute an inseparable part of the Financial Statements. |  |  |  |

**Exelot, Ltd.**

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|  | **Share Capital** | **Advance on a share account** | **Premium on shares** | **Deficit balance** | **Total** |
| **New Israel Shekels** | | | |
| **Balance as at January 1, 2016** | **–** | – | – | – | **–** |
| Shares Issue | **–** | - | 173,660 | – | 173,660 |
| Year's Loss | **–** | – | – | (502,975) | (502,975) |
| **Balance as at December 31, 2016** | **–** | – | **173,660** | **(502,975)** | **(329,315)** |
| Advance on a share account | **–** | 2,490,921 | – | – | 2,490,921 |
| Year's Loss | **–** | – | – | (2,357,560) | (2,357,560) |
| **Balance as at December 31, 2017** | **–** | **2,490,921** | **173,660** | **(2,860,535)** | **(195,954)** |

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| **Note 1 – General**   1. The company was established and began its operations in October **2016**. The Company is developing a platform that enables streamlining and reducing the shipping processing costs. 2. This year, the Company began to yield revenues from the platform it developed. This year’s revenue do not cover the expenses and result in a loss that is financed by shareholders and external investors. | | | | | | | |
| **Note 2 – Accounting Policy Principles**   1. Reporting basis of the Financial Statements   The Company’s Financial Statements are presented in reported amounts according to the principles of the Accounting Standards Board (IASB).   1. Cash and Cash Value   Cash and Cash Value include demand deposits in banks and/or negotiable government loans, for which the period until the date of their investment did not exceed three months.   1. Fixed Assets | | | | | | | |
| 1. The Fixed Assets are presented on a cost basis, less losses and accrued depreciation, if existing. 2. Depreciation is calculated according to the depreciation method at equal annual rates, over the estimated period of use, as listed below: | | | | | | | |
|  |  | | **0/0** | |  | | |
| Office furniture and equipment | | 7-33 | |
| Computers and peripherals | | 33 | |
| 1. Income Recognition   Income is recognized in the Profit and Loss Report when it can be reliably measured. It is expected that the economic benefits associated with the transaction will flow to the Company, if the costs incurred by the transaction can be measured in a credible manner. Revenue is measured according to the fair value of exchange from the transaction less commercial discounts, quantity discounts and returns.  Revenue from provision of services is recognized according to the completion stage of the transaction on the balance date. According to this method, recognized income during the reporting period in which the services were provided. In the event that the contract result is not reliably measurable, the income is recognized by the amount of recoverable incurred expenses.   1. Indices and Exchange Rates   Assets and Liabilities in foreign or linked currencies, are presented according to the exchange rates as published by Bank of Israel.  Assets and index-linked Liabilities were included according to the linkage terms set for each  balance.  Data regarding the Consumer Price Index and exchange rates: | | | | | | | |
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|  |  | **December 31** | | **December 31** | | **% Change** | **% Change** |
|  | **2017** | | **2016** | | **2017** | **2016** |
| CPI in points | 100.4 | | 100 | | 0.4 | (0.01) |
| US Dollar exchange rate | 3.467 | | 3.845 | | (9.83) | (1.48) |
| 1. Cash Flow Report   The cash flow report, as required according to accepted accounting rules, was not presented, since the Company’s Managers do not view this report as adding meaningful financial information to that found in the Financial Statements. | | | | | | | |
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| **Note 3 – Cash and Cash Value** | | | | | |
|  | **As at December 31** | | | | |
|  | **2017** | | | **2016** | |
|  | **New Israel Shekels** | | | | |
| Foreign currency | 542,258 | | | – | |
| Shekel deposits | 65,035 | | | 45,000 | |
|  | **607,293** | | | **45,000** | |
| **Note 4 – Net Accounts Receivable** | | | | | |
|  | **As at December 31** | | | | |
|  | **2017** | | | **2016** | |
|  | **New Israel Shekels** | | | | |
| Credit Cards | 515,838 | | | – | |
| Accounts Receivable | 50,316 | | | – | |
|  | **566,154** | | | – | |
| **Note 5 – Accounts Receivable and Debit Balance** | | | | | |
|  | **As at December 31** | | | | |
|  | **2017** | | | **2016** | |
|  | **New Israel Shekels** | | | | |
| Institutions | 232,306 | | | 38,884 | |
| Related Parties | 221,902 | | | – | |
|  | **454,208** | | | **38,884** | |
| **Note 6 – Net Fixed Assets** | | | | | |
|  | **As at December 31** | | | | |
|  |  | **2017** | | | **2016** |
|  | **Cost** | **Accrued Depreciation** | **Depreciated cost:** | | **Depreciated cost:** |
|  | **New Israel Shekels** | | | | |
| Vehicles | 82,500 | **–** | 82,500 | | 82,500 |
| Furniture and office equipment | 21,208 | 1,735 | 19,473 | | 6,890 |
| Computers and peripherals | 13,572 | 7,407 | 6,165 | | 5,762 |
|  | **117,280** | **9,142** | **108,138** | | **95,152** |

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| --- | --- | --- |
| **Note 7 – Credit from Banking Corporations** | **As at December 31** | |
|  | **2017** | **2016** |
|  | **New Israel Shekels** | |
| Overdraft | 230,854 | 47,271 |
| Current maturities of long-term loans | 69,924 | – |
|  | **300,778** | **47,271** |
| **Note 8 – Vendors and Service Providers** | | |
|  | **As at December 31** | |
|  | **2017** | **2016** |
|  | **New Israel Shekels** | |
| Open debts | 1,266,457 | – |
| Checks Payable | 50,935 | 57,783 |
|  | **1,317,392** | **57,783** |
| **Note 9 – Accounts Payable and Credit Balances** | | |
|  | **As at December 31** | |
|  | **2017** | **2016** |
|  | **New Israel Shekels** | |
| Employees and institutions for salaries | 80,168 | 5,012 |
| Expenses payable | 18,000 | – |
| Various Accounts Payable | 6,603 | – |
| Related Parties | – | 67,535 |
|  | **104,771** | **72,547** |
| **Note 10 - Long-term loans from banking corporations** | | |
|  | **As at December 31** | |
|  | **2017** | **2016** |
|  | **New Israel Shekels** | |
| Long-term loans from banking corporations | 228,730 | 280,750 |
| Current maturities deducted | (69,924) | – |
|  | **158,806** | **280,750** |

|  |  |  |
| --- | --- | --- |
| **Note 11 – Share Capital** | **December 31, 2017** | |
| **Registered** | **Issued and Paid** |
|  | **Number of shares** | |
| Ordinary shares at PV NIS 0 each | **1,000,000** | **10,500** |
| **Note 12 – General and Administrative Expenses** | | |
|  | **For the year that ended on December 31** | |
|  |
|  | **2017** | **2016** |
|  | **New Israel Shekels** | |
| Salaries and related expenses | 1,033,377 | 18,000 |
| Management fees | 163,713 | 5,050 |
| Business and computer maintenance | 136,990 | 18,403 |
| Travel abroad | 131,706 | 79,989 |
| Vehicle maintenance, travel and transport | 83,638 | 2,023 |
| Professional services | 68,856 | 41,929 |
| Rent | 53,850 | 26,550 |
| Mail and communications | 33,349 | 756 |
| Advertising and marketing | 27,665 | 3,054 |
| Refreshments, gifts, donations and fines. | 21,829 | 951 |
| Travel and delivery expenses | 14,302 | 14,406 |
| Taxes and fees | 5,690 | 3,145 |
| Depreciation | 5,670 | – |
| Electricity | 4,440 | – |
| Insurance | 3,905 | 1,418 |
| Training and professional literature | 1,379 | 3,703 |
| Sales and marketing | – | 7,156 |
|  | **1,790,359** | **226,533** |