**Exelot, Ltd.**

**Financial Statements**  
  
**As at December 31, 2018**

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| **Exelot, Ltd.**  **Financial Statements as at December 31, 2018** | |
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Auditor’s Report for Shareholders of  
Exelot, Ltd.

We have audited the reports on the attached financial status of Exelot, Ltd. (hereinafter – The “Company”) for December 31, 2018, and 2017 and the Profit and Loss Reports, Changes in Equity Report, for each of the years that ended on those dates. 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.

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 examination of 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, 2018 and 2017; and the results of its activities for each of the years ending on those dates are in accordance with the accepted bookkeeping rules in Israel (Israeli GAAP).

Tel Aviv, Gozlan-Luria & Co. {*CPA's signature*}

November 18, 2019, CPA

**Exelot, Ltd.**

**Financial Status Reports**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **As at December 31** | |
|  |  | **2018** | **(\*) 2017** |
|  | **Note** | **New Israel Shekels** | |
| **Current Assets** |  |  |  |
| Cash and Cash Value | 3 | 720,641 | 607,293 |
| Net Accounts Receivable | 4 | 1,792,946 | 566,154 |
| Accounts Receivable and Debit Balance | 5 | 253,028 | 454,208 |
|  |  | **2,766,615** | **1,627,655** |
| **Net Fixed Assets** | 6 | **30,707** | **108,138** |
|  |  |  |  |
|  |  | **2,797,322** | **1,735,793** |
| **Current liabilities** |  |  |  |
| Credit from banking corporations | 7 | 443,652 | 300,778 |
| Vendors and service providers | 8 | 3,054,537 | 1,317,392 |
| Accounts payable and credit balances | 9 | 267,839 | 154,771 |
|  |  | **3,766,028** | **1,772,941** |
| **Long-term Liabilities** |  |  |  |
| Convertible loan for shares | 10 | 715,000 | – |
| Long-term loans from banking corporations | 11 | 176,399 | 158,806 |
|  |  | **891,399** | **158,806** |
| **Capital Deficit** |  |  |  |
| Premium on shares |  | 3,801,085 | 173,660 |
| Advance on a share account |  | – | 2,490,921 |
| Deficit balance |  | (5,661,190) | (2,860,535) |
|  |  | **(1,860,105)** | **(195,954)** |
|  |  | **2,797,322** | **1,735,793** |
| (\*) Reclassified |  |  |  |
| The attached Notes constitute an inseparable part of the Financial Statements. |  |  |  |
| November 18, 2019 |  |  |  |
| Financial Statements approval date |  |  | Manager |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **For the year that ended on December 31** | |
|  | **2018** | **2017** |
| **Note** | **New Israel Shekels** | |
| Income |  | 4,949,736 | 1,583,014 |
| Sales Cost |  | 4,907,682 | 1,770,482 |
| **Gross Profit (Loss)** |  | **42,054** | **(187,468)** |
| Net Research and Development Expenses |  | 252,397 | 311,727 |
| Administrative and general expenses | 13 | 2,345,012 | 1,790,359 |
| **Operating Loss** |  | **(2,555,355)** | **(2,289,554)** |
| Net financing expenses |  | 162,800 | 68,006 |
| Capital gain/loss on realization of fixed assets |  | 82,500 | **–** |
| **Year's Loss** |  | **(2,800,655)** | **(2,357,560)** |
| The attached Notes constitute an inseparable part of the Financial Statements. |  |  |  |

**Exelot, Ltd.**

**Changes in Equity Deficit Reports**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Share Capital** | **Advance on a share account** | **Premium on shares** | **Deficit balance** | | **Total** |
|  | **New Israel Shekels** | | | | | |
| **Balance as at January 1, 2017** | – | – | **(502,975)** | | 173,660 | **(329,315)** |
| Shares Issue | – | 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)** |
| Shares Issue | – | (2,490,921) | 3,627,425 | – | | 1,136,504 |
| Year's Loss | – |  | – | (2,800,655) | | (2,800,655) |
| **Balance as at December 31, 2018** | – | – | **3,801,085** | **(5,661,190)** | | (1,860,105) |

**Exelot, Ltd.**

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| **Note 3 – Cash and Cash Value** | | | | | | |
|  | | | | **As at December 31** | | |
|  | | | | **2018** | | **2017** |
|  | | | | **New Israel Shekels** | | |
| Israeli currency | | | | 641,774 | | **–** |
| Shekel deposits | | | | 68,151 | | 65,035 |
| Foreign currency | | | | 10,716 | | 542,258 |
|  | | | | **720,641** | | **607,293** |
| **Note 4 – Net Accounts Receivable** | | | | | | |
|  | | | | **As at December 31** | | |
|  | | | | **2018** | | 2017 |
|  | | | | **New Israel Shekels** | | |
| Receivables | | | | 1,536,099 | |  |
| Credit Cards | | | | 256,569 | | 515,838 |
| Accounts Receivable | | | | 278 | | 50,316 |
|  | | | | **1,792,946** | | **566,154** |
| **Note 5 – Accounts Receivable and Debit Balances** | | | | | | |
|  | | | | **As at December 31** | | |
|  | | | | **2018** | | **2017** |
|  | | | | **New Israel Shekels** | | |
| Institutions | | | | 253,028 | | 232,306 |
| Related Parties | | | | – | | 221,902 |
|  | | | | **253,028** | | **454,208** |
| **Note 6 – Net Fixed Assets** | | | | | | |
|  | **As at December 31** | | | | | |
|  | **2018** | | | | **2017** | |
|  | **Cost** | **Accrued Depreciation** | **Depreciated cost:** | | **Depreciated cost:** | |
|  | **New Israel Shekels** | | | | | |
| Computers and peripherals | 40,749 | 19,777 | 20,972 | | 6,165 | |
| Furniture and office equipment | 12,720 | 2,985 | 9,735 | | 19,473 | |
| Vehicles | – | **–** | – | | 82,500 | |
|  | 53,469 | **22,762** | **30,707** | | **108,138** | |

**Exelot, Ltd.**

**Notes to the Financial Statements**

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| --- | --- | --- |
| **Note 7 – Credit from Banking Corporations** | | |
|  | **As at December 31** | |
|  | **2017 2018** | |
|  | **New Israel Shekels** | |
| Short-term loans | 251,194 | – |
| Current maturities of long-term loans | 142,505 | 69,924 |
| Overdraft | 49,953 | 230,854 |
|  | **443,652** | **300,778** |
| **Note 8 – Vendors and Service Providers** | | |
|  | **As at December 31** | |
|  | **2018** | **2017** |
|  | **New Israel Shekels** | |
| Checks Payable | 1,543,756 | 50,935 |
| Open debts | 1,510,781 | 1,266,457 |
|  | **3,054,537** | **1,317,392** |
| **Note 9 – Accounts Payable and Credit Balances** | | |
|  | **As at December 31** | |
|  | **2018** | **2017** |
|  | **New Israel Shekels** | |
| Various Accounts Payable | 129,847 | 56,603 |
| Employees and institutions for salaries | 103,119 | 80,168 |
| Expenses payable | 21,000 | 18,000 |
| Credit Cards | 13,873 |  |
|  | **267,839** | **154,771** |
| **Note 10 – Convertible loan for shares**  On May 31, 2018, the Company signed an agreement with Overseas Commerce, Ltd. for a loan convertible to shares at a total of $600,000 in three stages as detailed in the Agreement. Until the December 31, 2018, the Company received a loan of $200,000. The loan carries interest at a rate of 3.48% per year and will be accumulated only after the full amount has been provided as said above and so long as the loan will not be converted into shares. | | |

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| **As at December 31** | | **Note 11 – Long-term loans from banking corporations** |
| **2017** | **2018** |
| **New Israel Shekels** | |  |
| 228,730 | 318,904 | Long-term loans from banking corporations |
| (69,924) | (142,505) | Current maturities deducted |
| **158,806** | **176,399** |  |
| **Note 12 – Share Capital** | | |
| **December 31, 2018** | |  |
| **Issued and Paid** | **Registered** |  |
| **Number of shares** | |  |
| **15,089** | **1,000,000** | Ordinary shares at PV NIS **0** each |
| **Note 13 – General and Administrative Expenses** | | |
| **For the year that ended on December 31** | |  |
|  |
| **2017** | **2018** |  |
| **New Israel Shekels** | |  |
| 1,033,377 | 1,336,252 | Salaries and related expenses |
| 83,638 | 222,339 | Vehicle maintenance, travel and transport |
| 163,713 | 177,219 | Management fees |
| 68,856 | 170,157 | Professional services |
| 53,850 | 134,421 | Rent |
| 131,706 | 124,841 | Travel abroad |
| 136,990 | 84,019 | Business and computer maintenance |
| 21,829 | 24,182 | Refreshments, gifts, donations and fines. |
| 3,905 | 23,772 | Insurance |
| 33,349 | 16,585 | Mail and communications |
| 5,670 | 13,620 | Depreciation |
| 27,665 | 7,088 | Advertising and marketing |
| 1,379 | 6,313 | Training courses |
| 5,690 | 4,020 | Taxes and fees |
| 14,3.02 | 184 | Travel and delivery expenses |
| 4,440 | – | Electricity |
| **1,790,359** | **2,345,012** |  |