**EYEDO Fielding Technologies, Ltd.**

**Financial Statements**

**As at December 31, 2019**

**Y. Yakar**

Chartered Accountants

Tel Aviv

**EYEDO Fielding Technologies, Ltd.**

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|  |  |

**Report by the Auditing Chartered Accountant to the Shareholders for**

**EYEDO Fielding Technologies, Ltd.**

We have audited the reports on the financial status of EYEDO Fielding Technologies Ltd. (hereinafter, "the **Company**") as of December 31, 2019 and December 31, 2018, and the Profit and Loss Reports for the years ending on those dates. These Financial Statements are the responsibility of the Company’s Board of Directors and Management. The responsibility of our firm lies in expressing our expert opinion on these Financial Statements based on our audit.

Our firm 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) 5733 – 1973. According to these standards, we are required to plan the audit and carry for the purpose of achieving a reasonable degree of assurance that the Financial Statements do not contain any significant misleading material. The audit includes a sample inspection of evidence supporting the sums and information contained in the Financial Statements. The audit also includes a general audit of the bookkeeping rules applied and the material estimates made by the Company’s Board of Directors and Management, as well as the suitability of their 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.

It is our opinion that the above Financial Statements accurately reflect the Company’s financial position as of December 31, 2019 and December 31, 2018 in material aspects, and that the reports of the results of its activities for the years ending on those dates are in accordance with the accepted bookkeeping rules in Israel (Israeli GAAP).

Y. Yakar

Chartered Accountants

Tel Aviv, October 20, 2020

**EYEDO Fielding Technologies, Ltd.**

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**Report on the Financial Status**

**---------------------**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **As of December 31** | |
|  |  | **2019** | **2018** |
|  |  | **New Shekels** | **New Shekels** |
|  | **Note** |  |  |
|  |  |  |  |
| **Current Assets** |  |  |  |
| Cash and Cash Value |  | 138,543 | 41,822 |
| Accounts Receivable |  | 145,415 | 91,934 |
| Receivables and Debt Balances | 3 | 7,773 | 80,395 |
|  |  | 291,691 | 214,151 |
|  |  | --------- | --------- |
| **Non-Current Property** |  |  |  |
| Fixed Assets | 4 | 20,819 | 22,174 |
|  |  | 20,819 | 22,174 |
|  |  | --------- | --------- |
|  |  |  |  |
|  |  | 312,510 | 236,325 |
|  |  | ===== | ===== |
|  |  |  |  |
| **Current Liabilities** |  |  |  |
| Accounts Payable |  | 200,000 | -- |
| Accounts Payable and Credit Balances | 5 | 76,207 | 160,298 |
|  |  | 253,734 | 106,446 |
|  |  | 529,941 | 266,744 |
| **Non-Current Liabilities** |  | ---------- | ---------- |
| Long-Term Debt | 6 | 674,054 | 573,054 |
|  |  | --------- | --------- |
| Liens | 7 |  |  |
| **Capital Deficit** |  |  |  |
| Share Capital | 8 |  |  |
| Deficit Balance |  | 90 | 90 |
|  |  | (891,575) | (603,563) |
|  |  | (891,485) | (603,473) |
|  |  | ---------- | ---------- |
|  |  | 312,510 | 236,325 |
|  | ===== | ===== | ===== |

**Financial Statements Approval Date: (October 20, 2020)**

|  |
| --- |
|  |
| **Manager** |

The attached Notes constitute an inseparable part of the Financial Statements.

**EYEDO Fielding Technologies, Ltd.**

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**Profit and Loss Report and Surplus**

**-----------------------**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **For the period ending December 31** | |
|  | Note | **2019** | **2018** |
|  |  | **New Shekels** | **New Shekels** |
|  |  |  |  |
| **Income** |  | 1,917,051 | 1,768,451 |
|  |  | ----------- | ----------- |
| Research and Development Expenses | 9 | 459,833 | 357,693 |
| Marketing & Sales Costs |  | 173,520 | 208,329 |
| Administrative and General Expenses | 10 | 1,554,016 | 1,496,895 |
|  |  | 2,187,368 | 2,062,917 |
| Loss before Financing Expenses |  | (270,317) | (295,466) |
| Net Financing Expenses |  | 17,695 | 9,986 |
| **Net Earnings for the Period** |  | (288,012) | (305,452) |
|  |  |  |  |
| **Profit Balance at Start of Year** |  | (603,563) | (298,114) |
| **Profit Balance at End of Year** |  | (891,575)  ====== | (603,563)  ====== |

======

The attached Notes constitute an inseparable part of the Financial Statements.

**EYEDO Fielding Technologies, Ltd.**

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**Notes to Financial Statements**

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**Note 1 – General**

A. EYEDO Fielding Technologies, Ltd (hereinafter, “**Company**"), Reg. No. 515576718, was incorporated in January 2017 and began its activity in March 2017. The Company is engaged in researching, developing and selling web and mobile technology usage.

The EYEDO™ System is a technological system for managing field personnel, such as inspectors, store managers, department managers, salespeople, technicians, installers, controllers, etc., and remote tasks, such as POD, area controls, certification tests, product availability control, ready-to-go, maintenance procedures, recall, application recommendations, emergency, implementation of procedures, ordering clothing, signage, application and documentation of regulatory directives, employee attendance, documentation of damages with discoveries, project management, and more.

B. Cash Flows

No reports were conducted on the Cash Flows, as it is the Company's management view that doing so would not add meaningful information beyond information found in the Financial Statements.

C. Use of Estimates in Preparing Financial Statements

Preparing Financial Statements in accordance with accepted accounting rules requires management to make estimates and assumptions which affect the property and liability amounts presented in Financial Statements, the discovery of conditional assets and liabilities dependent on the dates of the Financial Statements, and income amounts and expenses for the report periods. The actual results may differ from these estimates.

**Note 2 – Principles of Accounting Policies**

The following are the accounting policy principles that were consistently applied during the prepation of the Financial Statements:

A. Reporting Basis of the Financial Statements

The Financial Statements are presented with the reported amounts (in nominal amounts with respect to the Company), in accordinance with the accounting standards of the Israeli Accounting Standards Board (IASB).

B. Cash Value

Cash value is considered by the Company as high-liquidity investments, which include short-term deposits in banking corporations, the original term of which does not exceed three months from the investment date, and which are not limited for use or under lien.

C. Fixed Assets

The Fixed Assets presented in the Financial Statements are determined on a cost basis after deduction of the accrued depreciation. Depreciation is calculated according to the depreciation method equal to annual rates, which are considered for the purpose of depreciating the assets over the estimated period of use.

The annual depreciation rates are as listed below:

|  |  |
| --- | --- |
|  | **%** |
|  |  |
| Furniture | 7 |
| Computers | 33 |

**EYEDO Fielding Technologies, Ltd.**

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**Notes to Financial Statements (continued)**

**Note 3 – Accounts Receivable and Debt Balances**

|  |  |  |
| --- | --- | --- |
|  |  | |
|  | **As of December 31** | |
|  | **2019** | **2018** |
|  | **New Shekels** | **New Shekesl** |
|  |  |  |
| Income tax prepayment, minus set-aside | 7,733 | 6,722 |
| Related Parties | -- | 73,673 |
|  | 7,733 | 80,395 |
|  | ===== | ===== |

**Note 4 – Fixed assets, net**

|  |  |  |  |
| --- | --- | --- | --- |
|  | |  | |
| **Furniture and Office Equipment** | | 1. **Components** | |
| **New Shekels** | |  | |
|  | | **Costs** | |
| 27,707 | | Balance at start of year | |
| 9,767 | | Additions during the year | |
| 37,474 | | Balance at end of year | |
| -------- | |  | |
|  | | **Accumulated Depreciation** | |
| 5,533 | | Balance at start of year | |
| 11,122 | | Additions during the year | |
| 16,655 | | Balance at end of year | |
| ------- | |  | |
|  | | **Depreciated Cost** | |
| 20,819 | | At end of year | |
| ==== | |  | |
| 22,174 | | At end of previous year | |
| ==== | |  | |

**Note 5 – Accounts Payable and Credit Balances**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | | |
|  | **As of December 31** | | |
|  | **2019** | **2018** |
|  | **New Shekels** | **New Shekels** |
|  |  |  |
| Value Added Tax | 28,751 | 20,998 |
| Related Parties | 141,304 | -- |
| Employees and Institutions | 68,679 | 70,448 |
| Expenses Payable | 15,000 | 15,000 |
|  | 253,734 | 106,446 |
|  | ===== | ===== |

**Note 6 – Long-Term Loan**

The Company has reached an agreement with a third party on the establishment of a joint venture to manage the sale of photo-recognition software.

As of the balance sheet date, the third party had transferred a total of NIS 674,000, or which NIS 570,000 were transferred in the previous year in the form of a loan for the project.

**Note 7 – Liens**

To ensure the Company's obligations to Bank Hapoalim, the Company has registered the following liens:

1. A first priority fixed lien on a deposit of NIS 20,000, which is deposited in Account 447800, Branch 628, including interest and returnss.
2. A first priority fixed lien on a deposit of NIS 10,000, which is deposited in Account 447800, Branch 628, including interest and returns.
3. A floating lien on all funds and rights, and a fixed lien on the pledgor’s share capital.

**Note 8 – Share Capital**

**As of**

**December 31, 2018**

|  |  |  |
| --- | --- | --- |
| **Composition:** | **Registered** | **Issued and Paid** |
|  | **Number of Shares** | | |  |
|  |  |  |
| Ordinary shares of NIS 1 value each | 1,000 | 90 |
|  | ===== | === |

**Note 9 – Research and Development Expenses**

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  | **For year ending December 31** | **For year ending December 31** |
|  |  | **2019** | **2018** |
|  |  | **New Shekels** | **New Shekels** |
|  |  |  |  |
| Salaries and Related Expenses |  | 311,753 | 297,693 |
| Development |  | 148,080 | 60,000 |
|  |  | 459,833 | 357,693 |
|  |  | ===== | === |



**EYEDO Fielding Technologies, Ltd.**

**Notes to Financial Statements (continued)**

**Note 10 – Administrative and General Expenses**

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  |  |  |
|  |  | **For the year ending December 31** | |
|  |  |
|  |  | **2019** | **2018** |
|  |  | **New Shekels** | **New Shekels** |
|  |  |  |  |
|  |  |  |  |
| Management Fees |  | 55,000 | 55,000 |
| Professional Services |  | 29,288 | 35,543 |
| Salary Expenses |  | 979,365 | 947,582 |
| Office Maintenance and Expenses |  | 95,216 | 100,872 |
| Refreshments and Gifts |  | 29,586 | 14,242 |
| Depreciation |  | 11,122 | 5,176 |
| Fees and Insurance |  | 14,152 | 17,499 |
| Travel Abroad |  | 47,768 | -- |
| Fuel and Local Travel Expenses |  | 62,652 | 67,144 |
| Communication and Computer Sservices |  | 229,867 | 253,837 |
|  |  | 1,554,016 | 1,496,895 |
|  |  | ===== | ===== |

**Note 11 – Transactions with Related Parties**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **For the year ending** | | |
|  | **December 31** | | |
|  |  | **2019** | **2018** |
|  |  | **New Shekels** | **New Shekels** |
|  |  |  |  |
| Product Management |  | 325,256 | 350,900 |
|  |  | ===== | ===== |
| Management Fees |  | 55,000 | 55,000 |
|  |  | ===== | ===== |
| Salary |  | 140,381 | 30,098 |
|  |  | ===== | ===== |

**Note 12 – Additional Information**

The Company’s bookkeeping is carried out by the Accounting Office of the Auditor’s accountant.

**EYEDO Fielding Technologies, Ltd.**

**Reconciliation Report for Income Tax Purposes**

**For the Tax Year 2019**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | |  | **New Shekels** |
|  | |  |  |  |
| **Loss for the Year According to Profit and Loss Report** | |  |  | (288,012) |
|  | |  |  |  |
| **Plus: Non-deductible expenses** | |  |  |  |
| Donations | |  | 7,830 |  |
| Research and Development | |  | 306,555 |  |
| Revalued Income Tax | |  | (212) |  |
|  | |  |  |  |
|  | |  |  | 314,173 |
| **Profit before Application of the Income Tax Law (Adjustments for Inflation) 5745-1985 (hereafter: “the Law”)** | |  |  | 26,161 |
|  | |  |  |  |
| Adjustments Pursuant to the Law | |  |  |  |
| Business Loss Carried Over from 2018 | |  |  | (604,103) |
|  | |  |  |  |
| **Loss Carried Forward to 2020 Tax Year** | |  |  | (577,942) |
|  | |  |  | ===== |

|  |
| --- |
|  |
| **Manager** |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |

|  |  |
| --- | --- |
| **י. יקר, רואי חשבון C.P.A. ISR. Y. YAKAR**  Yom Tov Yakar CPA YOM TOV YAKAR C.P.A. ISR.  Gili Tzabar Avital CPA GILI TZABAR AVITAL C.P.A. ISR |  |
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|  |  |

**Auditor’s Expert Opinion**

We have examined the **Reconciliation Statement** of EYEDO Fielding Technologies, Ltd. for the tax year 2019, which adjusts the Company’s loss according to its Profit and Loss Report for the period endng December 31, 2019 as a loss that was declared for Income Tax purposes for the aforementioned tax year.

An examination of the expenses as listed in the regulations concerning "Conditions for Deduction of Certain Expenses," indicates that the calculations required under Section 3 (j) of the Income Tax Ordinance and the conditions listed in Section 32 A of the Ordinance meet the conditions as agreed upon between the Income Tax Commission and the Institute of Certified Public Accountants in Israel, in all that is implied.

In our opinion, subject to the aforementioned paragraphs, the reconciliation was conducted pursuant to the provisions of the Income Tax Ordinance and the Income Tax law (Adjustments due to inflation), 5745–- 1985.

Y. Yakar

Chartered Accountants

Tel Aviv, October 20, 2020