Beyond Oil Ltd.

Financial Statements

For the Year ended December 31, 2021

Expressed in U.S. dollars

<u>Beyond Oil Ltd.</u>

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

Independent Auditors' Report
To the Shareholders of Beyond Oil Ltd

Opinion

We have audited the financial statements of Beyond Oil Ltd (the "Company"), which comprise the statements of financial position as of December 31, 2021, and December 31, 2020, and the statements of comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and December 31, 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to the audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1B to the financial statements. The Company incurred losses from operations since its inception, and as of December 31, 2021, the Company has an accumulated deficit of $7,992 thousand. In addition, the Company generated negative cash flows from operating activities of $828 thousand and a loss in the amount of $2,463 thousand for the year ended December 31, 2021, As stated in Note 1B, these events and conditions, along with other matters as set forth in Note 1B, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tel-Aviv, Israel

Ziv haft

Certified Public Accountants (Isr.)

BDO Member Firm

Beyond Oil Ltd.

Statements of Financial Position

U.S. dollars

	Note	December 31, 2021	December 31, 2020
Assets			
Current			
Cash and cash equivalents		$ 388,154	$ 486,032
Restricted deposit		22,285	1,474
Other accounts receivable	4	62,298	40,470
Total current assets		472,737	527,976
Non-current			
Lease asset, net	7	78,493	97,297
Intangible asset, net	6	4,163,124	4,264,051
Property and equipment, net	5	151,235	187,494
Total non-current assets		4,392,852	4,548,842
Total assets		$ 4,865,589	$ 5,076,818
Liabilities			
Current liabilities			
Trade accounts payable		$ 42,368	$ 29,302
Loan from others	20	791,092	-
Other accounts payable	9	269,707	33,385
Related Party	14	339,787	112,352
Derivative liability – Warrants and Options	8	6,760	725
Advanced payment	15	40,000	94,232
Total current liabilities		1,489,714	269,996
Non-current liabilities			
Related Party - Employee benefit plan	14	-	719,285
Preferred shares liability	10	735,000	399,275
Lease liability	7	93,821	110,103
Total non-current liabilities		828,821	1,228,663
Shareholders' equity			
Share capital and premium	10	1,129,271	1,129,271
Reserve from share-based compensation transactions	11	7,587,731	7,203,835
Reserve from transaction with controlling shareholder		920,245	-
Foreign currency translation reserve		902,244	774,345
Accumulated deficit		(7,992,437)	(5,529,292)
Total Shareholders' equity		2,547,054	3,578,159
Total Liabilities and Shareholders' equity		$ 4,865,589	$ 5,076,818

Going Concern (Note 1B)

May 26, 2022		
Date of approval of the financial statements	Director - Jonathan Or	CEO and Director - Tamir Gedo

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

Beyond Oil Ltd.

Statements of Comprehensive Loss

U.S. dollars

		Year ended December 31,	
	Note	**2021**	**2020**
Revenues	15	$ (43,404)	$ -
Cost of revenues		-	-
Gross profit		(43,404)	-
Operating expenses			
Research and development expenses	16	(316,780)	(219,108)
General and administrative expenses	17	(1,745,073)	(1,186,267)
Impairment loss	6	-	(1,865,884)
Other expenses	5	(8,434)	-
Total operating expenses		(2,070,287)	(3,271,259)
Loss from operations		(2,113,691)	(3,271,259)
Finance income	18	17,760	-
Finance expenses	18	(367,214)	(13,474)
Net loss before tax		(2,463,145)	(3,284,733)
Income tax expenses	12	-	-
Net loss		(2,463,145)	(3,284,733)
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Translation adjustment to the presentation currency		127,899	291,790
Total comprehensive loss		$ (2,335,246)	$ (2,992,943)
Basic and Diluted loss per share		(0.91)	(1.27)
Weighted Average Number of Shares Outstanding		2,699,094	2,584,936

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

Beyond Oil Ltd.

Statements of Changes in shareholders' Equity

U.S. dollars

	Note	Share Capital And Premium	Reserve from share-based compensation transactions	Reserve from transaction with controlling shareholder	Accumulated deficit	Foreign currency translation reserve	Total
Balance, January 1, 2020		$ 1,026,086	$ 7,199,364	$ -	$ (2,244,559)	$ 482,555	$ 6,463,446
Comprehensive Income (loss) for the year							
Loss		-	-	-	(3,284,733)	-	(3,284,733)
Other Comprehensive Income for the year		-	-	-	-	291,790	291,790
Total comprehensive Income (loss) for the year		-	-	-	(3,284,733)	291,790	(2,992,943)
Issuance of shares- private placement, net	11	103,185	(103,185)	-	-	-	-
Share based compensation	11	-	107,656	-	-	-	107,656
Balance, December 31, 2020		$ 1,129,271	$ 7,203,835	$ -	$ (5,529,292)	$ 774,345	$ 3,578,159
Comprehensive Income (loss) for the year							
Loss		-	-	-	(2,463,145)	-	(2,463,145)
Other Comprehensive Income for the year		-	-	-	-	127,899	127,899
Total comprehensive Income (loss) for the year		-	-	-	(2,463,145)	127,899	(2,335,246)
Transactions with owners in their capacity as owners	14	-	-	920,245	-	-	920,245
Share based compensation	11	-	383,896	-	-	-	383,896
Balance, December 31, 2021		$ 1,129,271	$ 7,587,731	$ 920,245	$ (7,992,437)	$ 902,244	$ 2,547,054

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

Beyond Oil Ltd.

Statements of Cash Flows

U.S. dollars

	Note	Year ended December 31, 2021	2020
Cash flows from operating activities:			
Net loss for the year		$ (2,463,145)	$ (3,284,733)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization		293,859	379,334
Loss on sale of property, plant and equipment		8,434	-
Impairment of asset	6	-	1,865,884
Fair value adjustments of derivative liability – warrants and options		6,035	-
Fair value adjustments of derivative liability – preferred shares		335,725	-
Finance expense, net		11,073	27,043
Share based compensation		383,896	107,656
Changes in operations assets and liabilities:			
Change in related party transactions		439,282	501,538
Change in other accounts receivables		(19,706)	39,868
Change in other advanced payment		(55,292)	-
Changes in trade payables and other trade payables		243,313	(11,242)
Cash used in operations		(816,526)	(374,652)
Interest paid		(11,073)	(12,293)
Net cash used in operating activities		(827,599)	(386,945)
Cash flow from investing activities:			
Restricted deposits		(19,993)	(220)
Payment to a related party for intangible asset		-	(54,000)
Purchase of property and equipment		(20,594)	(17,808)
Net cash used in investing activities		(40,587)	(72,028)
Cash flow from financing activities			
Payments of lease liabilities		(21,878)	(17,475)
Short term loan from others	20	780,000	-
Net proceeds from issuance of units of securities, net	10	-	385,250
Net cash provided by financing activities		758,122	367,775
Translation differences on cash and cash equivalents		12,186	30,787
Decrease in cash and cash equivalents		(110,064)	(91,198)
Cash and cash equivalents at the beginning of the year		486,032	546,443
Cash at the end of the year		$ 388,154	$ 486,032
Significant non-cash transactions:			
Increase in intangible asset		-	20,000
Sell of property and equipment		19,749	-

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

NOTE 1- GENERAL:

A. Formation of the Company, Merger transaction and Description of business:

Formation of the Company

Beyond Oil Ltd. (the "Company") was incorporated under the Business Corporations Act of Israel on November 25, 2018, and commenced its operations in January 2019. The registered address of the company is Kibbutz Yifat 3658300, Israel.

Description of Business

The Company is a food-tech company that has developed a solution to reduce free fatty acid from oil while preserving the oil's quality and nutritional values. The Company develops products that extend the usable life of frying oil, improves food quality, and reduce frying oil costs.

On the formation date of the Company, the Company received the rights to use the intangible asset from a related party of the Company. For additional information please see note 6.

B. Going concern:

As of December 31, 2021, the Company incurred losses from operations since its inception and as of December 31, 2021, the Company has an accumulated deficit of $7,992,437. In addition, the Company generated negative cash flows from operating activities of $827,599 and a loss in the amount of $2,463,145 for the year ended December 31, 2021. As of the date of the issuance of these financial statements, the Company has not yet commenced generating significant sales, and therefore depends on fundraising from new and existing investors to finance its activities. These factors create material uncertainties that may create substantial doubt about the Company's ability to continue as a going concern.

The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

C. COVID-19:

The continued global spread of COVID-19 could have an adverse impact on the business, operations and financial results of the Company, including with respect to challenges in finalizing the implementation of research and development processes of the Company, which also affected the marketing agreement with a new distributor in early 2020. The Company has already implemented a number of precautionary measures, which would not have otherwise been implemented prior to the COVID-19 outbreak, at its facility to ensure the safety of its personnel, and to potential clients and partners, which may adversely impact the Company’s productivity from an R&D perspective and its business in the supply chain sector. The Company is also fully compliant with local rules and regulations instituted during COVID 19 and understands that mandatory or voluntary self-quarantines may limit the staffing at the Company’s facility which will have a further impact on productivity. Management continues to be fully engaged in assessing the impact of COVID-19 and adjusting its operations accordingly to minimize the impact on business performance.

Amidst this highly challenging operating environment, the Company asses that COVID-19, had an effect on its business, mainly from sales and development of the Company, due to the fact that the Company could not do meetings abroad and do marketing and sells transactions.

NOTE 2- Significant accounting policies:

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of preparation:

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared on a historical cost basis, except for the following items:

- Financial instruments – fair value through profit or loss
- share based compensation
- Intangible asset.

b. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenue, and expenses. These estimates and underlying assumptions are reviewed regularly. Changes in accounting estimates are reported in the period of the change.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates used by the Company that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in Note 3.

c. Functional and presentation currency:

The functional currency of the Company is the new Israeli Shekel (NIS), and the presentation currency of the financial statements is the U.S. dollar.
The financial statements are presented in USD since the Company believes that financial statements in USD provide more relevant information to the users of the financial statements.
Assets and liabilities are translated at the closing exchange rate at each reporting date. Profit or loss items are translated at average exchange rates for all periods presented. The resulting translation differences are recognized in other comprehensive loss.

d. Foreign currency transactions:

Transactions denominated in foreign currency (other than the functional currency) are recognized on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at the end of each reporting period into the functional currency at the exchange rate at that date. Exchange differences are recognized in profit or loss. Non-monetary assets and liabilities measured at cost are translated at the exchange rate as of the date of the transaction.

e. Cash equivalents:

Cash equivalents are considered by the Company to be highly liquid investments, including, short-term deposits with banks and the maturity of which do not exceed three months at the time of deposit, and which are not restricted.

NOTE 2- Significant accounting policies (continued):

f. Impairment of non-financial assets:

Non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of a non-financial asset exceeds its recoverable amount (i.e., the higher of value in use and fair value less costs to dispose), the asset is written down and an impairment charge is recognized accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e., the smallest unit of assets to which the asset belongs that generates cash inflow that is largely independent of cash inflows from other assets).

At the end of December 31, 2020, the Company recognized an impairment loss of $1.9M. Please see note 6. During the year, ended December 31, 2021, no impairment charges of non-financial assets were recognized.

g. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

1. In the principal market for the asset or liability, or

2. In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

<u>Classification of fair value hierarchy</u>

The financial instruments presented in the statements of financial position at fair value are grouped into classes with similar characteristics using the following fair value hierarchy which is determined based on the source of input used in measuring fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable either directly or indirectly.

Level 3 - Inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

NOTE 2- Significant accounting policies (continued):

h. Financial instruments:

1. Financial assets:

The Company classifies its financial assets based on the business model for managing the financial asset and its contractual cash flow characteristics. The Company's accounting policy for the relevant category is as follows:

Amortized cost

These assets arise principally from the provision of goods (e.g., trade accounts receivable), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

2. Financial Liabilities:

The Company classifies its financial liabilities into one of the following categories:

Amortized cost

These liabilities include accounts payable, accrued liabilities, which are initially recognized at fair value plus transaction costs that are directly attributable to the issue of the instrument and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition at fair value through profit or loss (preferred shares liability) and derivatives (derivative liability – warrants and options).

Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

2. Issue of a unit of securities:

The issue of a unit of securities involves the allocation of the proceeds received (before issue expenses) to the securities issued in the unit based on the following order: financial derivatives and other financial instruments measured at fair value in each period. Then the fair value is determined for financial liabilities that are measured at amortized cost. The proceeds allocated to equity instruments are determined to be the residual amount. Issue costs are allocated to each component pro-rata to the amounts determined for each component in the unit.

3. Derivative liability – Warrants and Options:

Warrants and options that are denominated in a currency other than the functional currency of the Company are considered a derivative liability and are classified as financial liabilities at fair value through profit or loss. Accordingly, warrants and options are measured at fair value and the changes in fair value in each reporting period are recognized in profit or loss.

NOTE 2- Significant accounting policies (continued):

4. Derecognition:

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or the rights to receive the contractual cash flows are transferred.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statements of profit or loss.

The terms of a financial liability are substantially different if the discounted cash flows under the new terms are at least 10 per cent different from the discounted remaining cash flows of the original financial liability.

i. Share-based compensation:

Where equity settled share options are awarded to employees, the fair value of the options calculated at the grant date is charged to the statements of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense charged is not adjusted for failure to achieve a market vesting condition.
For share-based compensation transactions for non-employee parties settled in equity instruments, the value of the transaction is measured with reference to the fair value of the goods and / or services received. If the Company is unable to fairly measure the fair value of the goods or services received, fair value is measured in relation to the fair value of the equity instruments granted.

j. Research and Development:

Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Company can demonstrate all of the following:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

During the years ended December 2021 and 2020, the Company did not meet these criteria, therefore all research and development expenditures were expensed as incurred in the following criteria therefore all research and development recognized as expenses.

NOTE 2- Significant accounting policies (continued):

k. Government grants

Government grants are recognized when there is reasonable assurance that the grants will be received, and the Company will comply with the attached conditions.

Grants for revenue expenditure are netted against the cost incurred by the Company.

l. Property, plant, and equipment:

Property, plant, and equipment are measured at cost, including directly attributable costs, less accumulated depreciation, accumulated impairment losses and any related investment grants and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with the plant and equipment.

A part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately using the component method.

The cost of an item of property, plant and equipment comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which the item is located.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%
Computers and others	33
Furniture and office equipment	7
Leasehold improvements	10-30
Laboratory equipment	10-15

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Company and intended to be exercised) and the expected life of the improvement.

The useful life, depreciation method, and residual value of an asset are reviewed at least each year-end, and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

m. Intangible assets

An intangible asset is initially recognized, at the date of acquisition, at the cost paid. Variable payments are not included in the carrying amount of the asset at acquisition, and no liability is recognized for the contingent consideration. The Company capitalize the variable payments as part of the cost of the asset when paid, on the basis that these payments represent the direct cost of acquisition.
Intangible assets are initially amortized on a straight-line basis over their 20 years of useful economic lives.

n. Revenue recognition:

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenues from the sale of goods are recognized at the point in time when control of the asset is transferred to the customer, generally upon delivery of the product.

NOTE 2- Significant accounting policies (continued):

o. Severance pay:

The Company's liability for its Israeli employees regarding severance pay is pursuant to Section 14 of the Israeli severance pay law ("Section 14"). All the Israeli employees are included under this section, and entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies. Payments in accordance with Section 14 release the Company from any future severance payments in respect of those employees. The fund is made available to the employee at the time the employer-employee relationship is terminated, regardless of the cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the balance sheet as the severance pay risks have been irrevocably transferred to the severance funds.

The Company also operates a defined benefit plan in respect of termination benefit pay pursuant to an agreement in case of termination of the agreement by each side. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include expected salary increases and rates of employee turnover based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds that are linked to the Consumer Price Index with a term that is consistent with the estimated term of the severance pay obligation.

Remeasurements of the net liability are recognized in other comprehensive income in the period in which they occur.

p. Provisions:

The Company recognizes provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations, and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

q. Leases:

Right-of-use assets:

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of right-of-use assets comprises the amount of the initial measurement of the lease liability; lease payments made at or before the commencement date less any lease incentives received; and initial direct costs incurred. The recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment. The right-of-use assets are presented within property, plant and equipment.

Lease liabilities:

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives, variable lease payments that

NOTE 2- Significant accounting policies (continued):

depend on an index or a rate, and amounts expected to be paid under a residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the

Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period on which the event or condition that triggers the payment occurs.

Lease term:

The term of a lease is determined as the non-cancellable period for which a lessee has the right to use an underlying asset, together with (i) the periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and (ii) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

Depreciation of a right-of-use asset:

Subsequent to the inception of the lease, a right-of-use asset is measured using the cost method, less accumulated depreciation and accumulated impairment losses, and is adjusted for re-measurements of the lease liability. Depreciation is measured using the straight-line method over the useful life or contractual lease term, whichever ends earlier.

Lessees will be also required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will recognize the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset, until the carrying amount is reduced to zero.

r. Issuance costs:

The Company allocated the incremental costs that were directly attributable to issuing new shares to equity (net of any income tax benefit) or are otherwise not incremental and directly attributable to issuing new shares, were recognized as an expense in the statement of comprehensive income.

s. New standards, interpretations, and amendments not yet effective

The Company has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The following amendment has been issued but is not yet effective:

New IFRSs adopted in the period

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to December 31, 2021 (the date on which the Company's next annual financial statements will be prepared up to) that the Company has decided not to adopt early. The Company does not believe these standards and interpretations will have a material impact on the financial statements once adopted.

NOTE 3- Critical accounting estimates and judgments:

The preparation of financial statements requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a. Derivative liability - Warrants

The Company uses the Black-Scholes option-pricing model to estimate the fair value of the warrants at each reporting date. Option pricing models require the input of subjective assumptions including expected future volatility in the price of the Company's shares and the expected life of the warrants. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

Determining the fair value of share-based payment transactions:

The fair value of share-based payment transactions is determined upon initial recognition by an acceptable option pricing model. The inputs to the model include share price, exercise price, and assumptions regarding expected volatility, expected life of share option, and expected dividend yield. Changes in the input assumptions can materially affect the fair value estimate and the Company’s earnings and equity reserves.

NOTE 4 – Other accounts receivables:

	December 31,	
	2021	**2020**
Government institutions	$ 16,579	$ 13,943
Other receivables	45,719	26,527
	$ 62,298	$ 40,470

(U.S. dollars)

NOTE 5 – Property, Plant and Equipment, net:

	Vehicles	Machinery and office equipment	Furniture and office equipment	Leasehold improvements	Computers	Total
Cost:						
As of January 1, 2020	$ **47,815**	$ -	$ **83,880**	$ **50,210**	$ **17,962**	$ **199,867**
Additions	-	-	5,374	3,783	8,652	17,809
Currency exchange	3,585	-	6,659	4,024	1,942	16,210
As of December 31, 2020	**51,400**	-	**95,913**	**58,017**	**28,556**	**233,886**
Additions	-	5,895	1,826	11,625	1,248	20,594
Disposal	(35,048)	-	-	-	-	(35,048)
Currency exchange	1,735	227	3,308	2,426	1,011	8,707
As of December 31, 2021	**18,087**	**6,122**	**101,047**	**72,068**	**30,815**	**228,139**
Accumulated depreciation:						
As of January 1, 2020	**1,156**	-	**3,254**	**2,724**	**3,041**	**10,174**
Additions	7,213	-	11,573	5,361	9,019	33,166
Currency exchange	585	-	1,043	573	851	3,052
As of December 31, 2020	**8,954**	-	**15,870**	**8,658**	**12,910**	**46,392**
Additions	2,613	121	12,398	7,132	11,893	34,157
Disposal	(6,542)	-	-	-	-	(6,542)
Currency exchange	401	5	1,011	593	887	2,897
As of December 31, 2021	**5,426**	**126**	**29,279**	**16,383**	**25,690**	**76,904**
Net Book Value:						
As of December 31, 2021	**$ 12,661**	**$ 5,996**	**$ 71,768**	**$ 55,685**	**$ 5,125**	**$ 151,235**
As of December 31, 2020	**$ 42,446**	**$ -**	**$ 80,043**	**$ 49,359**	**$ 15,646**	**$ 187,494**

(U.S. dollars)

NOTE 6 – Intangible asset:

		Intellectual property
Cost:		
As of January 1, 2020	$	6,445,427
Additions		20,000
Currency exchange		483,157
As of December 31, 2020		**6,948,584**
Additions		-
Currency exchange		234,598
As of December 31, 2021		**7,183,182**
Accumulated depreciation:		
As of January 1, 2020		319,571
Additions		324,077
Impairment loss		1,865,884
Currency exchange		175,001
As of December 31, 2020		**2,684,533**
Additions		235,839
Currency exchange		99,686
As of December 31, 2021		**3,020,058**
Net Book Value:		
As of December 31, 2021	**$**	**4,163,124**
As of December 31, 2020	**$**	**4,264,051**

At the incorporation date of the Company, the Company entered into an agreement with Mr. Pinhas Or ("Pinhas"), to assign all of his rights in and to the intellectual property related to the technology developed for of reducing the degree of acidity in edible oils, including all patent applications and trade secrets (the "IP Assignment Agreement"). As consideration for the transfer of such rights the Company agreed to pay Pinhas a royalty of 5% on all amounts received from the issuance of licenses for use /franchises, from the sale of the formula powder to the use of sub-license recipients worldwide, from making exit, fund raisings after deducting customs, fees and other direct taxes levied on the products or services provided and paid by Pinhas directly. Also, at the incorporation date of the Company, the Company issued 1,930,000 ordinary shares to Pinhas as additional consideration for the intellectual property rights transferred under the IP Assignment Agreement.

The royalty was recognized as an asset of the Company as subsequent changes in the contingent consideration liability or subsequent payments are capitalized when incurred. For additional information for the amendment to the agreement, please see note 14(1).

The Company cannot measure fairly the fair value of the received asset. The fair value of the asset was measured according to the fair value of the equity instruments issued as consideration. The fair value of the shares was determined based on the price at which shares were issued in a private placement in December 2018. The useful economical life of the intangible asset is 20 years.

(U.S. dollars)

NOTE 6 – Intangible asset (Continued):

As of 31 December 2020, the fair value of the Company was below the book value of the Company's equity, indicating an impairment of the received asset. The fair value of the Company was based on the Black-Scholes based structural model and derived from the preferred shares investment valuation (see note 10h),. The following assumptions were used to estimate the fair value: Expected volatility 50%, risk-free interest rate 0.14%. The Company recognized an impairment loss of $1.865M.

NOTE 7 – Leases:

a) The Company's lease arrangement for office space in Kibbutz Yifat, Israel commenced in February 2019 and ends in October 2024. According to the terms of this agreement, the Company has an option to extend the term for six additional years. The annual lease commitment is approximately NIS41,025 (approximately $13,187). The incremental borrowing rate is 10.57%.

b) The Company's lease arrangement for factory space in Migdal Haemek, Israel commenced in November 2019 and ends in March 2025. According to the terms of this agreement, the Company has an extension option for two additional years for all the Company's space at this location. The annual lease commitment is approximately NIS75,600 (approximately $24,301). The incremental borrowing rate is 11.83%.

Lease liabilities	Year ended December 31,	
	2021	**2020**
Interest expense	$ 11,073	$ 12,293
Total cash outflow for leases	32,951	29,768

NOTE 8 - Derivative liability – Warrants and Options:

(i) A summary of changes in share purchase warrants issued by the Company during the years ended December 31, 2021, and 2020 is as follows:

	Number of Warrants and Options	**Weighted Average Exercise Price ($)**
Balance, January 1, 2020	-	-
Issuance of warrants	31,694	6.31
Issuance of options	47,541	6.31
Balance, December 31, 2020	**79,235**	**6.31**
Issuance of warrants	-	-
Issuance of options	-	-
Balance, December 31, 2021	**79,235**	**6.31**

(ii) On September 9, 2020, as a part of the issuance of equity units (see additional information on note 10h), the Company granted 31,694 warrants to purchase ordinary shares of the Company and 47,541 options to purchase preferred shares of the Company to certain investors. These warrants were granted has the expiry date of the earlier to occur of: (a) the lapse of 24 months following the issue date; (b) an IPO; or (c) a sale event of the Company.

NOTE 8 - Derivative liability – Warrants and Options (continued):

The following table summarizes information about warrants outstanding as at December 31, 2021:

Date of issuance	Date of expiry	Exercise price	Exercisable at December 31, 2021
September 9, 2020	September 8, 2022	$ 6.31	31,694

As the warrants and options issued by the Company have an exercise price denominated in US dollars, which differs from the Company's functional currency, they do not qualify for classification as equity. These warrants and options have been classified as a derivative warrant and option liability and are recorded initially at the fair value and revalued at each reporting date, using the Black-Scholes valuation method. Changes in fair value for each period are included in the comprehensive profit and loss for the period.

(i) The Company uses the Black-Scholes based structural model to estimate the fair value of the derivative warrants and options liability at the end of each reporting period.

(ii) The following assumptions were used to estimate the fair value of the derivative warrants and options liability:

	At Issuance Date September 9, 2020	December 31, 2020	December 31, 2021
Expected volatility	50%	50%	50%
Risk-free interest rate	0.14%	0.14%	0.14%

The Company considers the expected volatility of the shares of comparable companies and its common shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on US dollar government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life of the option is based on the contractual term.

For additional information about the allocation agreement signed for the warrants and options transaction, please see note 10.

NOTE 9 – Other accounts payable:

	December 31, 2021	December 31, 2020
Employees	$ 79,972	$ 24,326
Accrued expenses	189,735	9,059
	$ 269,707	$ 33,385

(U.S. dollars)

NOTE 10 - Share Capital and Premium:

	Number of shares December 31, 2021, and 2020 Authorized	Issued and outstanding
Ordinary shares with 0.01NIS	9,889,071	2,635,706
Preferred shares with 0.01NIS (see h)	110,929	63,388

Ordinary Shares:

Ordinary Shares confer upon their holders, the right to receive notice of, and to participate in, all general meetings of the Company, to vote in such meetings, to receive dividends, and to participate in the distribution of the surplus assets of the Company in the event of liquidation of the Company.

Movements in ordinary shares:

	Number of shares
Balance as of January 1, 2020	2,541,747
Exercise of options and anti-dilution adjustment (see a)	93,959
Balance as of December 31, 2020	**2,635,706**
Balance as of December 31, 2021	**2,635,706**

a. On October 1, 2020, the Company issued 85,574 ordinary shares upon the exercise of options granted on the same day to a Company advisor. As a result of the issuance, the Company issued an additional 8,385 ordinary shares pursuant to the anti-dilution rights of existing shareholders.
b. Some of the subscription agreements for ordinary shares granted purchasers anti-dilution protection. Additional shares issued to shareholders pursuant to anti-dilution rights are issued for no additional consideration. As of December 2021, all shareholders, except two shareholders agreed to terminate existing anti-dilution rights.
c. On September 9, 2020, the Company completed a private placement financing by issuing 63,388 preferred shares and 31,694 warrants at a price of $6.31 per share for gross proceeds of $400,000 (or $385,000 net of issuance costs) to two investors (the “Investors”). Under the preferred share purchase agreement, the Investors will be issued an additional 47,541 preferred shares (the “Second Closing Shares”) at the price of $6.31 per share for gross proceeds of $300,000, upon the Company achieving $500,000 of revenue, from sale of inventory and assets provided that each Investor is entitled, at any time to purchase its respective share of the Second Closing Shares upon notice to the Company.

   Pursuant to the Company's Articles of Association the holders of the Company’s preferred shares have the following rights attached to them: *Special Majority*: The Company shall not take certain actions without the consent of the Investors holding a majority of the Preferred Shares holders as long as they hold at least 1.75% of the Company’s issued and outstanding share capital. *Dividend payment preferences*: As long as there is an Outstanding Preference (as defined below) and subject to the Israeli Companies Law, no later than 30 Business Days following the approval of the annual financial statements, the Company shall declare and pay a dividend to its preferred shareholders in the amount of 25% of the Company’s annual sales revenue and if there is no Outstanding Preference the Company shall declare and pay a dividend in the amount of 50% of the accumulated profits legally available for distribution to the preferred shareholders multiplied by their relative shareholding. The “Outstanding Preference” with respect to a Preferred Shares shall mean the difference between (i) the aggregate amounts previously received as Dividend Preference on account of the Preferred Shares, and (ii) the original issue price thereof.

NOTE 10 - Share Capital and Premium (continued):

Conversion: Each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share and without the payment of additional consideration by the holder thereof, into such number of fully paid and non-assessable ordinary shares as is determined by dividing the original issue price of US $6.31 by the conversion price in effect at the time of conversion. In addition, all Preferred Shares shall be automatically converted into ordinary shares upon the earlier to occur of: (i) an IPO; and (ii) the written decision of the Investors holding a majority of the preferred shares.

Liquidation preferences: In the event (i) of any voluntary or involuntary liquidation, dissolution, or winding up of the Company, (ii) a merger, reorganization, or sale of the Company or all or substantially of its shares or assets, (iii) of any bankruptcy, insolvency or reorganization proceeding under any bankruptcy or insolvency or similar law, whether voluntary or involuntary, that is properly commenced against the Company and is not annulled or revoked within 90 days or is commenced by the Company, or (iv) appointment of a receiver or liquidator is appointed to all or substantially all of the Company's assets that are not withdrawn or vacated within 90 days (each, a "Liquidation"), then the assets or proceeds legally available for distribution to the Shareholders (the "Distributable Proceeds") shall be distributed among the Shareholders in the following order and preference:

1. Each Preferred Share shall be entitled to an amount equal to the greater of (i) any Outstanding Preference existing with respect to such Preferred Shares; and (ii) the amount that would have been received on account of such Preferred Shares upon distribution of the distributable proceeds among all Shareholders, on a pro-rata, as a converted basis (the "Distribution Preference"). In the event that the Distributable Proceeds shall be insufficient to pay the Distribution Preference in full, all Distributable Proceeds shall be distributed among the holders of Preferred Shares pro-rata.
2. Following payment in full of the Distribution Preference in respect of all Preferred Shares then outstanding, any and all remaining Distributable Proceeds shall be distributed among all Shareholders, pro-rata to the number of Ordinary Shares held thereby, excluding any Ordinary Shares issued upon the conversion of any Preferred Shares that participated in the distribution.

As the dividends payments preference represents, essentially, a redemption of the Preferred Shares, the Company classified the Preferred Shares entirely as liabilities, further, as the instrument contains an embedded derivative, it has been designated at fair value through profit or loss on initial recognition and as such the embedded conversion feature is not separated. All transaction costs related to financial instruments designated as fair value through profit or loss are expensed as incurred.

On September 26, 2021, the Company signed an allocation agreement with the holders of its preferred shares (the "Preferred Investors" and the "Allocation Agreement") pursuant to which the Preferred Investors agreed to exchange their preferred shares, for the following (in addition to any other consideration the Preferred Investors may be entitled to under the SPA (as defined below) (i) Payment Shares and Consideration Warrants (each, as defined below) having an aggregate value of US$735,000 and US$210,000, respectively; and (ii) execution and delivery of the Investment Return Agreement pursuant to which the Preferred Investors shall be entitled to receive an amount equal to 25% of the Annual Sales Revenue, up to an aggregate amount of US$400,000, in each case allocated on pro-rate basic. The balance of the Consideration Warrants and Payment Shares shall be allocated among all the Company's shareholders pro-rata based on their respective distribution of Payment Shares.

NOTE 10 - Share Capital and Premium (continued):

The Preferred Investors also agreed and acknowledged that the existing warrants and options, according to their terms, shall expire upon the consummation of the Transaction and all previous agreements and understandings between the parties shall be revoked and canceled as of the consummation of the Transaction.

If the Transaction has not been consummated by May 30, 2022, or the SPA is terminated, the Allocation Agreement shall be deemed terminated automatically.

NOTE 11 - Share-based compensation transactions:

a) For additional information for CEO restricted share plan, please see note 6.1.

b) On May 5, 2020, the Company's Board approved the adoption of a Share Option Plan (the "Option Plan") in accordance with Section 102 of the Israeli Income Tax Ordinances (New Version) 1961 as amended and in accordance with the Israeli Income Tax Rules (Tax Relief for Issuance of Shares to Employees) 2003 (collectively the "Section 102"), the Company elected, to nominate a trustee for the Plan. The Company's Board resolved to reserve from the Company's authorized but unissued share capital an aggregate of 149,345 ordinary shares for issuance under the Plan.

c) On November 9, 2020, the Company granted an advisor 85,584 options to purchase the ordinary shares at a price of NIS0.01 per share under the Plan. The options were vested on the date of the grant.

d) On November 9, 2020, the Company granted an advisor 8,343 options to purchase ordinary shares at a price of NIS0.01 per share under the Plan. These options are subject to a vesting schedule as follows: (i) 3,708 options on September 9, 2020; (ii) 2,781 options, upon the Company, actually receiving revenue, from sales of inventory and assets performed bona fide and at arm’s length, in an aggregate amount of US$500,000 (net of VAT or applicable sales tax), an additional and (iii) 1,854 options, upon the exercise of warrants held by the Preferred Investors please see note 10c

e) On June 24, 2021, the Company granted 120,922 options and 234,704 restricted shares (that been granted to the Company’s CEO) to purchase ordinary shares to the Company’s employees and advisors under the Plan. The exercise prices of the options and restricted shares is NIS 0.01. The options will be expired after 10 years as of the date of grant. The vesting period of the options is 27 months and of the restricted shares is 6 months. All the options will be vested as follows: 25% following 6 months as of the date of grant + 10.7143% each quarter over 7 quarters following 6 months as of the date of grant.

On August 8, 2021, the Company’s board resolved to amend its previous resolution from June 24, 2021, regarding granting options to the Company's employees and advisors, in such manner, that the granted Shares and Options will not be subject to the cancellation agreement and will not be terminated, in the event that the Company does not consummate a merger event.

(U.S. dollars)

NOTE 11 - Share-based compensation transactions (continued):

f) A summary of the activity of options granted under the Plan is as follows:

	December 31, 2021		December 31, 2020	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
		NIS		NIS
Options outstanding at beginning of the year	3,708	0.01	68,124	0.01
Changes during the period:				
Granted (See c-e)	120,922	0.01	89,292	-
Expired	-	-	(68,124)	-
Exercise (See note 10a)	-	-	(85,584)	-
Options outstanding at end of period (*)(**)	**124,630**	**-**	**3,708**	**0.01**
Options exercisable at period end	3,708		3,708	

(*) The options outstanding on December 31, 2021, had a weighted-average contractual life of 9.5 years (December 31, 2020: 9.75 years).

(**) Following consummation of the Transaction (see note 20 (1)), the Options shall entitle the holder to purchase an economically equivalent options to purchase common shares of FTC.

The following table summarizes information about the options outstanding as of December 31, 2021:

Options Outstanding			Options Exercisable
Number Outstanding on December 31, 2021	**Exercise Price**	**Expiry Date**	**on December 31, 2021**
3,708	NIS 0.01	May 4, 2030	3,708
120,922	NIS 0.01	June 24, 2031	120,922
124,630			**124,630**

(iii) The Company uses the Black-Scholes based structural model to estimate the fair value of the options and the restricted shares.

(iv) The following assumptions were used to estimate the fair value of the options:

	At Issuance Date June 24, 2021	At Issuance Date November 9, 2020
Expected life of options	5 years	5 years
Expected volatility	45%	50%
Expected dividend yield	0%	0%
Risk-free interest rate	0.8782%	0.14%
Share price	$1.206	$1.206

The total fair value of the options granted is $152,007. The total expense during the reporting period is $84,354.

The Company considers the expected volatility of the shares of comparable companies and its ordinary shares in estimating its future stock price volatility. The risk-free interest rate for the expected life of the options was based on the yield available on US government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term of the option.

(U.S. dollars)

NOTE 11 - Share-based compensation transactions (continued):

Restricted shares

	December 31, 2021	
	Number of restricted shares	Weighted Average Exercise Price
		NIS
Restricted shares outstanding as the beginning of the year	-	-
Changes during the period:		
Granted	234,704	0.01
Expired	-	-
Exercise	-	-
Restricted shares at end of period	234,704	0.01
Restricted shares exercisable at period end	234,704	

The total fair value of the restricted shares granted is $299,542. The total expense during the reporting period is $299,542.

NOTE 12 - Income tax:

a. Tax rates: The corporate tax rate in Israel was 23% for 2020 and 2021.

b. Net operating losses carry forward:

As of December 31, 2021, the Company estimated carry forward tax losses of approximately $2million, which may be carried forward and offset against taxable income for an indefinite period in the future. A deferred tax asset on the Company's losses was not recognized since it is not probable that taxable profit will be available in the foreseeable future.

c. Reconciliation of effective tax rate:

The adjustments for the difference between the actual tax charge for the year and the standard rate of corporate tax in Israel applied to profits for the year are as follows:

For the Year ended December 31,		**2021**		**2020**
Loss before income tax	$	(2,463,145)	$	(3,284,733)
Tax computed at the corporate rate in Israel – 23%		(566,523)		(755,489)
losses for which no deferred tax asset was recognized		566,523		755,489
Total income tax expense	**$**	**-**	**$**	**-**

(U.S. dollars)

NOTE 13 - Financial instruments and risk management:

The Company holds the following financial instruments:

Financial assets		**December 31, 2021**		**December 31, 2020**
Financial assets at amortized cost				
Cash And cash equivalents	$	388,154	$	486,032
Restricted cash		22,285		1,474
Other accounts receivables		62,298		40,470
	$	**472,737**	**$**	**527,976**

Financial liabilities		**December 31, 2021**		**December 31, 2020**
Financial liabilities at amortized cost				
Trade payables	$	42,368	$	29,302
Loan from others		791,092		-
Related Party		339,787		112,352
Lease liability		93,821		110,103
		1,267,068		**251,757**
Financial liabilities at fair value				
Preferred shares liability		735,000		399,275
Derivative liability – Warrants and Options		6,760		725
	$	**741,760**	**$**	**400,000**

The Company is exposed to a variety of financial risks, which result from its financing, operating, and investing activities. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Company's financial performance and position. The Company's financial instruments are its cash, trade and other receivables, trade payables, and other liabilities. The main purpose of these financial instruments is to raise financing for the Company's operation. The Company actively measures, monitors, and manages its financial risk exposures by various functions pursuant to the segregation of duties and principals. The risks arising from the Company's financial instruments are mainly currency risk and liquidity risk. The Company has no interest rate risk as the cash balances exposed to interest is minimal. The risk management policies employed by the Company to manage these risks are discussed below.

a. Foreign currency risk:

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company is exposed to currency risk to the extent that there is a mismatch between the currency in which it denominated and the functional currency of the Company.

The currencies in which some transactions are primarily denominated are NIS, US dollars, and Euro.

The Company's policy is not to enter into any economic hedging transactions to neutralize the effects of foreign currency fluctuations. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

(U.S. dollars)

NOTE 13 - Financial instruments and risk management (continued):

	As of December 31, 2021			
Assets	**NIS**	**EURO**	**US dollar**	**Total**
Cash And cash equivalents	$ 171,921	$ -	$ 216,233	$ 388,154
Restricted cash	22,285	-	-	22,285
Other accounts receivables	62,298	-	-	62,298
Lease asset	78,493	-	-	78,493
	334,997	-	**216,233**	**551,230**
Liabilities				
Accounts payable	42,368	-	-	42,368
Loan from others	-	-	791,092	791,092
Related Party	339,787	-	-	339,787
Advanced payment	-	40,000	-	40,000
Preferred shares liability	-	-	735,000	735,000
Lease liability	93,821	-	-	93,821
	$ 475,976	**$ 40,000**	**$ 1,526,092**	**$ 2,042,068**

	As of December 31, 2020			
Assets	**NIS**	**EURO**	**US dollar**	**Total**
Cash And cash equivalents	$ 485,163	$ 193	$ 676	$ 486,032
Restricted cash	1,474	-	-	1,474
Other accounts receivables	40,470	-	-	40,470
Lease asset	97,297	-	-	97,297
	624,404	**193**	**676**	**625,273**
Liabilities				
Accounts payable	29,302	-	-	29,302
Related Party	112,352	-	-	112,352
Advanced payment	-	94,232	-	94,232
Preferred shares liability	-	-	399,275	399,275
Lease liability	110,103	-	-	110,103
	$ 251,757	**$ 94,232**	**$ 399,275**	**$ 745,264**

(U.S. dollars)

NOTE 13 - Financial instruments and risk management (continued):

Analysis:
Based on the above exposures, a 5% appreciation of the NIS against the following currencies would impact the Company's equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

For a 5% depreciation of the NIS against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

		December 31, 2021		December 31, 2020
Linked to EURO	$	(40,000)	$	(94,039)
		5%		5%
		(2,000)		(4,702)
Linked to USD		(1,309,859)		(398,599)
		5%		5%
	$	(65,493)	$	(19,930)

b. Liquidity risks:

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. For additional information about the ongoing concern of the Company, please see note 1B.

To manage liquidity risk, the Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances. At the end of the 2021 financial year, these projections indicated that the Company is expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The following tables detail the Company's remaining contractual maturity for the Company's financial liabilities. The tables have been prepared based on the undiscounted cash flows of financial liabilities based on the repayment forecast of the management of the Company.

December 31, 2021:

		Cash outflows ($)					
	Book value	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	> 5 years	Total
Other receivables	62,298	62,298	-	-	-	-	62,298
Loan from others	(791,092)	(791,092)	-	-	-	-	(791,092)
Lease Liability	(93,821)	(34,921)	(35,854)	(34,073)	(6,531)	-	(111,378)
Related Party	(339,787)	(339,787)	-	-	-	-	(339,787)
Accounts payable and accrued liabilities	(312,075)	(312,075)	-	-	-	-	(312,075)
Total	**(1,474,477)**	**(1,415,577)**	**(35,854)**	**(34,073)**	**(6,531)**	**-**	**(1,492,034)**

(U.S. dollars)

NOTE 13 - Financial instruments and risk management (continued):

December 31, 2020:			Cash outflows ($)				
	Book value	**Less than one year**	**1 to 2 years**	**2 to 3 years**	**3 to 4 years**	**> 5 years**	**Total**
Other receivables	40,470	40,470	-	-	-	-	40,470
Lease Liability	(110,103)	(32,659)	(32,938)	(33,818)	(32,138)	(6,160)	(137,713)
Preferred shares liability	(399,275)	-	-	-	-	(399,275)	(399,275)
Related Party	(831,637)	(112,352)	-	-	-	(719,285)	(831,637)
Accounts payable and accrued liabilities	(62,687)	(62,687)	-	-	-	-	(62,687)
Total	**(1,363,232)**	**(167,228)**	**(32,938)**	**(33,818)**	**(32,138)**	**(1,124,720)**	**(1,390,842)**

c. Fair value of financial assets and liabilities:

The fair value of the Company's current financial assets and liabilities approximates their carrying amounts as their maturity date is less than 1 year and they do not bear a fixed interest rate.

At December 31, 2021, the Company had no financial assets measured and recognized on the condensed consolidated interim statement of financial position at fair value belonging in Level 1 or Level 2 of the fair value hierarchy.

The following table summarizes the information about the Company’s financial liabilities measured and recognized at level 3 of the fair value hierarchy:

December 31, 2021

Item	**Fair value**	**Valuation technique**	**Fair value hierarchy level**	**Significant unobservable inputs**
Derivative liability – Warrants and options	6,760	Black-Scholes model	level 3	Volatility of firm's assets returns*
Preferred shares liability	735,000	Black-Scholes model	level 3	Volatility of firm's assets returns**

* A change in the volatility measure by +5% results in a change of + $338 of the fair value and a change in the volatility measure by -5% results in a change of - $338 of the fair value.

** A change in the volatility measure by +5% results in a change of + $36,750 of the fair value and a change in the volatility measure by -5% results in a change of - $36,750 of the fair value.

(U.S. dollars)

NOTE 13 - Financial instruments and risk management (continued):

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy:

		Derivative liability - Warrants	Preferred share liability
Balance as of January 1, 2020	**$**	**-**	**-**
Issuance of Warrants		725	-
Issuance of Preferred shares		-	399,275
Balance as of December 31, 2020		**725**	**399,275**
Loss recognized in Profit or loss:		6,035	335,725
Balance as of December 31, 2021	$	**6,760**	**735,000**

d. Financial instruments not measured at fair value:

Financial instruments that are not measured at fair value include cash and cash equivalents, restricted cash, trade, and other receivables, trade, and other payables and loan from others.
Due to their short-term nature, the carrying value of cash and cash equivalents, restricted cash, trade, and other receivables, trade, and other payables approximate their fair value.

e. Capital management:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to continue its business and maintain a flexible capital structure, which optimizes the costs of capital at an acceptable risk. The Company's capital includes the components of its shareholders' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets, or adjust its operational and administrative activities. In order to preserve cash, the Company does not pay any dividends. The Company is not subject to any externally imposed capital requirements.

The Company has net cash and cash equivalents at the balance sheet date of $388,154 (2020 – $486,032). Accordingly, the directors believe that the Company has sufficient capital pay its debts when they fall due, and to fund near term anticipated activities (see Note 20(1)).

(U.S. dollars)

NOTE 14 - Related Parties Transactions:

Related party transactions:

For the year ended December 31,		2021		2020
Compensation of key management personnel of the Company:				
CRDO (former CEO) Management fees (see 1)	$	200,204	$	174,584
CEO Management fees (see 3)		228,942		-
CMO Management fees (see 2)		89,640		92,500
Other related party transactions:				
Share base payments		341,639		-
CEO defined benefit plan		210,508		436,460

Balance with related parties:

For the year ended December 31,		2021		2020
Loan from related party	$	339,787	$	112,352
Employee benefit (see 1)		-		719,285

1) CRDO and a Chairman of the Board of Directors (Former CEO), Mr. Pinhas Or (Pinhas)

On November 25, 2018, the Company entered into a consulting agreement (the “Pinhas Consulting Agreement”) with Mr. Pinhas Or (“Pinhas”) pursuant to which the Company agreed to engage Pinhas to provide, and Pinhas agreed to provide to the Company, management services and serve as the CEO of the Company. Subject to and conditional upon the Company consummating a transaction or series of related transactions, in which the Company raises an aggregate amount of at least US$ 1,000,000 (a “Financing Event”), the Company agreed to pay Pinhas for the services: a one-time payment equal to NIS 25,000 multiplied by the number of months between the execution of the agreement and completion of a Financing Event and thereafter a monthly fee of NIS 50,000 (the “Monthly Fee”). The Financing Event occurred in December 2019. Pinhas was paid $104,737 in the year ended December 31, 2021, and $81,472 for the year ended December 31, 2020. Pinhas is also entitled to the use of a car, pension, disability, and accident insurance.

In the event a new CEO is appointed to the Company or Pinhas is transferred to other position (President of the Company or Head of the Research and Development Department) the Company agreed to pay him a one-time payment equal to 24 times the Monthly Fee.

Each party may terminate the Pinhas Consulting Agreement upon 90 days prior written notice (reduced to 7 days in the case of a material breach). In case of termination of the Pinhas Consulting Agreement for any reason, the Company will pay Pinhas a sum equal to 250% of all of the amounts paid or that must to be paid to Pinhas according to the agreement. On June 24, 2021, Pinhas have waived this obligation of the Company.

On June 17, 2021, the Company entered into a revised consulting agreement with Pinhas which agreement supersedes the Pinhas Consulting Agreement (the “Revised Pinhas Consulting Agreement”). Pursuant to the Revised Pinhas Consulting Agreement the Company agreed to engage Pinhas to provide, and Pinhas agreed to provide to the Company, management services and serve as the Company’s head of research and development on an 80% basis, for a monthly fee of NIS 50,000. Pinhas is also entitled to the reimbursement of car expenses.

NOTE 14 - Related Parties Transactions (continued):

The Revised Pinhas Consulting Agreement, may be terminated upon 180 days prior written notice (reduced to 7 days in the case of a material breach). In case of termination of the Revised Pinhas Consulting Agreement for any reason other than cause or material breach, the Company must pay Pinhas NIS 1,000,000 ("Termination Grant") and a royalty equal to 3% of the Company's net sales (the "Royalty"), based on its annual financial statements. The Termination Grant shall be paid to Pinhas within 30 days following the termination. The aforementioned Royalty shall be paid to Pinhas, in the earlier of an 8 (eight) years period following his termination of or engagement, as the case may be at the Company or an Exit Event in the Company. In the event Pinhas dies on or before the day that is ten (10) years from the date of the agreement, the Royalty will only be payable for five (5) years from the date of death.

In addition, under the IP Assignment Agreement, the Company expensed Pinhas $20,000 for the year ended December 31, 2020.

On June 17, 2021, the Company entered into an agreement amending the IP Assignment Agreement with Pinhas (the: First IP Assignment Amendment"). The First IP Assignment Amendment reduced the royalty payable thereunder from 5% to 3% of net sales in the event that Pinhas' engagement with the Company is terminated by the Company for any reason, other than cause. The aforementioned royalty is payable for the period of 8 (eight) years following termination or an Exit Event. "Exit Event" means the sale of all the Company's shares or all or substantially all of the Company's assets in one transaction or in a series of related transactions including by way of a perpetual license to be granted by the company or by way of merger the result of which is that the Company's shareholders hold less than 50% of the shares and voting rights in the surviving entity, all at a minimum valuation of US$100,000,000. Also, it was agreed that the Proposed Transaction with FTC will not constitute an Exit Event.

The Company has agreed to grant Pinhas 60,575 options of the Company to purchase shares with an exercise price of CAD$0.75 ("the Options") subject to the approval of the Company's board. The Options will vest according to the vesting schedule approved by the Company's board the vesting starting date is subject to the approval of the Company's board, however, all unvested Options shall cease to vest and shall automatically expire in the event that Pinhas no longer serves as a consultant to the Company, for any reason.

Following consummation of the FTC Transaction (see note 20 (3)), these Options shall be exercisable to purchase common shares of FTC.

2) CMO and a member of the Board of Directors, Mr. Jonathan Or (Jonathan) (Son of Pinhas)

On November 25, 2018, the Company entered into a consulting agreement with Jonathan. pursuant to which the Company agreed to engage Jonathan to provide, and Jonathan agreed to provide to the Company, sales manager services. As consideration for these services the Company agreed to pay Jonathan (i) a monthly fee of NIS 10,000 to be increased to NIS 25,000 (the "Monthly Fee") upon the Company consummating a transaction or series of related transactions, in which the Company raises an aggregate amount of at least US$ 1,000,000 or a grant from the Israel Innovation Authority (a "Financing Event") and to be further increased to NIS 35,000 upon a Financing Event raising US$2,000,000, and (ii) an amount equal to 5% of amounts generated by customers presented by Jonathan over a five year period. The Financing Event occurred in December 2019. Jonathan is entitled to the standard social benefits and fringe benefits as customary and disability and accident insurance.

Either party may terminate the Jonathan Consulting Agreement upon 90 days prior written notice (reduced to 7 days in the case of a material breach).

NOTE 14 - Related Parties Transactions (continued):

On June 8, 2021, the Company entered into an employment agreement with Jonathan effective that date (the "Jonathan Employment Agreement") pursuant to which Jonathan is employed on a full-time basis as the Company's Chief Marketing Officer at an annual, salary of NIS 20,000.

Following the completion of the Transaction, Jonathan's salary will be increased to NIS 35,000 with standard social and fringe benefits, and following the Company generating cumulative revenue of $ 1 million his salary will be increased to NIS 45,000. This agreement supersedes the consulting agreement dated November 25, 2018.

The Company agreed to grant Jonathan 60,575 options of the Company to purchase shares with an exercise price of CA$0.75 (the "Options") subject to the approval of the Company's board. Following consummation of the Transaction , the Options shall be exercisable for common shares of FTC.

These Options will vest according to the vesting schedule approved by the Company's board. The vesting starting date is subject to the approval of the Company's board, however, that all unvested Options shall cease to vest and shall automatically expire in the event that Jonathan no longer serves as an employee of the Company, for any reason.

3) On June 28, 2021, the Company entered into an employment agreement with Mr. Tamir Gedo ("Tamir"), pursuant to which Tamir agreed to serve as the Company's CEO (the "Tamir Employment Agreement") Prior to completion of the Transaction, Tamir is engaged on a part-time basis for a salary of NIS 50,000 and after the completion of the Transaction, Tamir will be engaged on a full-time basis for a salary of NIS 60,000.

Tamir is also entitled to a special bonus of 1% of the value given to the Company, its shares, its assets, or its operations, as the case may be, upon an Exit Event. "Exit Event" shall mean the sale of all the Company's shares or all or substantially all of the Company's assets in one transaction or in a series of related transaction including by way of a perpetual license to be granted by the Company or by way of merger the result of which will be that the Company's shareholders will hold less than 50% of the shares and voting rights in the surviving entity, and all at a minimal Company valuation of US$100,000,000 (one hundred million).

The Tamir Employment Agreement is for a non-fixed period and can be terminated by either party, prior to the completion of an IPO, upon the notice period prescribed by applicable law, and thereafter upon 180 days notice.

Tamir is entitled to the standard social benefits and fringe benefits. The Tamir Employment Agreement includes non-disclosure and non-competition covenants.
On January 1, 2022, the Company issued Tamir 234,704 restricted ordinary shares constituting 8% of the Company's issued and outstanding share capital (the "Shares"). The Shares issued to the Trustee of the Company's Option Plan and will be subject to the provisions of such plan and Section 102 of the Israeli tax ordinance in the "Capital Gains" Route.

In addition, Tamir has been granted an option to purchase 60,346 ordinary shares of the Company, with an exercise price of NIS 0.01. These options will vest according to the vesting schedule approved by the Company's board. Following consummation of the Transaction, these options shall be exercisable for common shares of FTC.

(U.S. dollars)

NOTE 14 - Related Parties Transactions (continued):

Provided, however, that all unvested options shall cease to vest and shall automatically expire in the event that Tamir no longer serves as an employee to the Company, for any reason. Once vested, the options may be exercised according to the conditions of the Option Plan.

Jonathan is entitled to receive 60,575 options of the Company to purchase shares with an exercise price of CA$0.75 (the "Options") subject to the approval of the Company's board. Following consummation of the IPO, the Options shall be replaced with economically equivalent options to purchase common shares of FTC.

These Options will vest according to the vesting schedule approved by the Company's board. The vesting starting date is subject to the approval of the Company's board, however, that all unvested Options shall cease to vest and shall automatically expire in the event that Tamir no longer serves as an employee to the Company, for any reason.

NOTE 15 - Revenues:

On May 21, 2021, the Company entered into a revised agreement with the distributor (as described on the December 31, 2020, financial statements). According to the revised agreement, the Company credited the distributor for the euro 37,000 revenue recognized during 2019, and a new revenue mechanism was agreed between the Company and the distributor.

NOTE 16 – Research and development expenses:

	For the year ended December 31,	
	2021	**2020**
Sub-Contractors	$ 209,400	$ 223,374
Professional fees	189,122	216,935
Materials	46,326	37,151
Office maintenance, communication, and Travel	3,874	5,159
Less- proceeds from Israel Innovation Authority*	(131,942)	(263,511)
	$ 316,780	$ 219,108

* In August 2019 and June 2020, the Company received approval for 2 research and development agreements form the Israel Innovation Authority with a budget of NIS3,282,921 (approximately $1,021 thousand) for R&D expenditure and a grant for 60% of the actual expenses related to the program in the amount of NIS1,969,753 (approximately $613 thousand). As of December 31, 2021, the Company received $550,978. The Israel Innovation Authority is not entitled to royalties and repayment of the proceeds. The Company is obligated to manufacture only in Israel. In case the Company decides to relocate out of Israel, the Company will be required to repay all grant proceeds.

(U.S. dollars)

NOTE 17 - General and administrative expenses:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Wages and salaries	$ 460,980	$ 133,104
Professional and legal fees	43,728	38,421
Share based compensation	383,896	107,656
Special termination expenses	212,891	436,460
Issuance expenses	176,067	-
Depreciation	293,884	379,334
Rent	19,767	1,728
Selling and Marketing expenses	12,097	21,315
Insurance	9,354	4,388
Office maintenance, communication, Travel, and Others	132,409	63,861
	$ 1,745,073	$ 1,186,267

NOTE 18 - Financial income and expenses:

Financial income

	For the year ended December 31, 2021	For the year ended December 31, 2020
Currency exchange	$ 17,760	$ -
	$ 17,760	$ -

Financial expenses

	For the year ended December 31, 2021	For the year ended December 31, 2020
Fair value adjustments of derivative liability – preferred shares	$ 335,725	$ -
Fair value adjustments of derivative liability – warrants and options	6,035	-
Interest on lease liability	11,073	12,293
Interest on loans from others	10,682	-
Interest and commission	3,699	1,181
	$ 367,214	$ 13,474

(U.S. dollars)

NOTE 19 - Changes in liabilities arising from financing activities:

Set forth below is a reconciliation of the changes in liabilities for which cash flows have been, or will be classified as financing activities in the statements of cash flows

	Lease liabilities	Derivative liability – warrants and options	Preferred shares liability
As of 31 December 2020,	**$ 110,103**	**$ 725**	**$ 399,275**
Changes from financing cash flows:			
Payments of lease liabilities	(21,878)	-	-
Total changes from financing cash flows	**88,225**	**725**	**399,275**
Fair value adjustments	-	6,035	335,725
Interest expense	11,073	-	-
Interest paid	(11,073)	-	-
Effects of foreign exchange	5,596	-	-
As of 31 December 2021,	**$ 93,821**	**$ 6,760**	**$ 735,000**

	Lease liabilities	Derivative liability – warrants and options	Preferred shares liability
As of 31 December 2019,	**$ 120,599**	**$ -**	**$ -**
Changes from financing cash flows:			
Issuance of Warrants and options	-	725	-
Issuance of Preferred shares	-	-	399,275
Payments of Lease liabilities	(17,475)	-	-
Total changes from financing cash flows	**103,124**	**725**	**399,275**
Interest expense	12,293	-	-
Interest paid	(12,293)	-	-
Effects of foreign exchange	6,979	-	-
As of 31 December 2020,	**$ 110,103**	**$ 725**	**$ 399,275**

NOTE 20 – Events during and subsequent events:

On September 26, 2021, the Company entered into a definitive share purchase agreement dated September 26, 2021 (the "SPA") with FTC Cards Inc. ("FTC") and the shareholders of the Company (the "Shareholders"). Pursuant to the SPA, FTC will acquire all the issued and outstanding securities of the Company, in exchange for securities of FTC, constituting a reverse takeover of FTC (the "Transaction"). In connection with the completion of the Transaction, FTC will apply to list on the Canadian Securities Exchange (the "CSE").

In June 2021, FTC completed a seed financing comprised of 12,000,000 FTC Shares at a price of C$0.05 per share for gross proceeds of C$600,000 (the "Seed Financing").

After completion of the Seed Financing, FTC loaned the Company US$155,000 (on July 7, 2021 - $50,000 and on October 1, 2021 - $105,000) pursuant to an unsecured promissory note (the "Seed Loan"). Proceeds from the Seed Loan have been used by the Company for expenses related to the Transaction and for general working capital. The loan bears a 12% interest rate per year. As of December 31, 2020, the accrued interest for the Seed Loan is $5,998. The loan amount together with all of the outstanding accrued and unpaid interest, shall be waived upon completion of the Transaction.

Pursuant to the SPA, FTC completed a bridge financing comprised of approximately 2,500,000 FTC Shares at a price of C$0.50 per share, for gross proceeds of approximately C$1,250,000 (the "Bridge Financing"). The net proceeds from the Bridge Financing were used by FTC for expenses related to the Transaction, for general working capital, and for making a secured loan to the Company (the "Bridge Loan"). As such, FTC loaned the Company US$750,000 (on November 17, 2021- $450,000, on December 22, 2021 - $175,000, and on January 24, 2022 - $125,000) pursuant to an unsecured promissory note (the "Bridge Loan"). The loan bears a 10% interest rate per year. As of December 31, 2020, the accrued interest for the Bridge Loan is $5,904.
The Bridge Loan provides that the loan and interest payable amount is secured by the intellectual property rights owned by the Company.
At the completion of the Transaction, FTC will waive the loan and the interest payable amounts, and the lien on the intellectual property.

The proceeds from the Bridge Loan are being used by the Company to begin implementing Beyond Oil's business plan, for expenses related to the Transaction and for general working capital.

On May 12, 2022, all of the issued and outstanding shares of the Company were acquired by Beyond Oil Ltd. (formerly, FTC Cards Inc.) (the "**Purchaser**" and, upon the closing of the Transaction (as defined below), the "**Resulting Issuer**") pursuant to that definitive share purchase agreement dated September 26, 2021 (the "SPA") among the Purchaser, the Company and the shareholders of the Company (the "Shareholders") (the "**Transaction**"). The Company became a wholly owned subsidiary of the Purchaser upon the closing of the Transaction. In connection with the Transaction, the Purchaser issued to the Shareholders: (i) a total of 24,410,505 common shares of the Purchaser (the "**Payment Shares**"); (ii) 19,528,404 contingent rights which will convert into the same number of common shares of the Purchaser upon the achievement of certain milestones pursuant to a deferred purchase price agreement dated May 12, 2022; and (iii) 2,683,333 common share purchase warrants exercisable for one common share of the Purchaser at an exercise price of C$1.18 for a period of 12 months. The Purchaser also issued a total of 1,708,735 common shares to finders of the Transaction or their designated assignees (the "**Finders' Shares**").

NOTE 20 - Subsequent events (continued):

In addition to any legends required pursuant to applicable securities laws, 14,788,247 of the Payment Shares will be held in escrow pursuant to an escrow agreement made as of April 27, 2022 among the Purchaser, Endeavor Trust Corporation and the applicable Shareholders (the "**Escrow Agreement**"). In addition, 200,000 of the Finders' Shares will be held in escrow pursuant to the Escrow Agreement.

Subject to the approval of the Exchange, the Resulting Issuer has agreed to pay to Pinhas Or, the founder of Beyond Oil, the sum of US$500,000 upon the Resulting Issuer receiving at least C$2.5 million ($1.96 million) pursuant to the exercise of Unit Warrants and Consideration Warrants.

The Purchaser's Board of Directors has adopted a 10% rolling stock option plan (the "FTC Option Plan"). Existing Company stock options were exchanged for Replacement Options to be governed by the FTC Option Plan for an aggregate of 967,376 options of the Purchaser on the same economic terms as the original options. The Purchaser also issued a total of 2,938,139 options to certain directors, officers and service providers under the FTC Option Plan with each option exercisable at $0.75 until 2023.

On closing of the Transaction, FTC changed its name to "Beyond Oil Ltd."

The Board of Directors of the Resulting Issuer includes 6 directors at the closing of the Transaction. The leadership of the Board of Directors includes Dr. Tamir Gedo (CEO and Director), Dan Itzhaki (Chairman), Jonathan Or (CMO and Director), Robert Kiesman (Director), Dr. Gad Penini (Director) and Hanadi Said (Director). Between the closing of the Transaction and the Resulting Issuer's annual general meeting to be held in 2022, the Company will be entitled to nominate a seventh director to the Board of Directors.