GoTo Ltd (formerly known as Neratec Media Ltd)

INTERIM FINANCIAL STATEMENTS AS OF MARCH 30, 2022

UNAUDITED

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An auditing accountant's report for the shareholders of
<u>GoTo Ltd (formerly known as Neratec Media Ltd)</u>

Introduction

We have reviewed the attached financial information of GoTo Ltd and its consolidated companies (hereinafter "**the group**"), which includes the condensed consolidated statement of the financial position as of March 30, 2022, and the related condensed statements of profit or loss and other comprehensive revenues, changes in equity (deficit) and cash flows for the 3-month period ending on the same date. The Board of Directors and the Management are responsible for the preparation and presentation of the financial information for this interim period, in accordance with the International Accounting Standard 34 IAS - ("Interim Financial Reporting") pertaining to periodical and actual reports, for fiscal year 5730-1970. Our responsibility is to provide our opinion on this interim financial information based on our review.

We did not audit the financial statements of a subsidiary, whose consolidated assets constitute approximately 5.69% of the total consolidated assets as of March 30, 2022, and whose consolidated revenues constitute approximately 9.64% of the total consolidated revenues for the 6-month period ending on said date. The financial statements of such other company were reviewed by other accountants, and thereafter submitted to us, and our opinion, insofar as the financial information of such company is concerned, is based on the reports of such other accountants.

Scope of Review

We conducted our review in accordance with the Review Standard (Israel) 2410 of the Institute of Certified Public Accountants - "Review of Interim Financial Information Performed by the Auditor of the Entity." A review of separate financial information for the interim period consists of inquiries held primarily with persons responsible for financial and accounting matters, as well as the implementation of analytical and other review protocols. By nature, a review is of a substantially smaller scope than that of an audit conducted in accordance with Generally Accepted Auditing Standards in Israel, thus not offer full knowledge of all significant matters that could be identified by an audit. Accordingly, ours is not an auditing opinion.

Conclusion

Based on our review and the review of reports by other accountants, nothing in the above financial information has caused us to believe it was not prepared, in all material aspects, in accordance with International Accounting Standards (IAS) 34.

In addition to the previous section, based on our review and the review of reports by other accountants, nothing in the above financial information has caused us to believe that, in all material aspects, it does not comply with the provisions of disclosure under chapter D of the Regulations under the Securities Law (Periodic and Immediate reports) 5730-1970.

Tel-Aviv, Israel
August 30, 2022

KOST FORER GABBAY &
KASIERER
Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of June 30		As of December 31
	2022	2021 *)	2021 *)
	Unaudited		Audited
	In thousands ILS		
CURRENT ASSETS			
Cash and cash equivalents	72,904	8,610	12,977
Clients, net	6,953	5,286	6,068
Other accounts receivable	6,950	5,477	3,822
Financial derivative	4,578	-	-
Assets held for sale	11,922	-	-
	103,307	19,373	22,867
NON-CURRENT ASSETS			
Hypothecated deposit	6,996	6,355	7,301
Intangible assets, net	8,968	1,613	10,499
Assets of right-of-use, net	21,707	27,276	26,981
Fixed assets, net	22,389	30,261	27,897
Reputation	61,657	-	73,223
	121,717	65,505	145,901
	225,024	84,878	168,768

*) Resubmitted due to a reverse takeover, see exp. 1b

The attached explanations constitute an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of June 30		As of December 31
	2022	2021 *)	2021 *)
	Unaudited		Audited
	In thousands ILS		
CURRENT LIABILITIES			
Credit from banking and other corporations	12,377	5,092	13,045
A loan from a non-controlling shareholder	11,905	11,659	11,331
Current maturities of lease liabilities	12,592	10,494	13,101
Liabilities towards suppliers and service providers	17,247	9,144	10,514
Other payables and credit balances	11,229	6,801	9,206
liabilities pertaining to assets held for sale	6,514	-	-
	71,864	43,190	57,197
NON-CURRENT LIABILITIES			
Long-term supplier engagements	4,610	-	4,960
Loans from banks and others	8,198	13,267	11,386
Lease liabilities	9,736	16,868	14,520
Long-term deferred revenues	43	906	39
Workers' benefits	-	53	-
	22,587	31,094	30,905
EQUITY (DEFICIT) ATTRIBUTABLE TO COMPANY SHAREHOLDERS			
Share capital	-	-	-
Share premium	270,328	81,618	176,002
Accumulated deficit	(139,754)	(70,966)	(95,842)
Capital reserves	10,161	7,896	9,245
	140,735	18,548	89,405
Non-controlling interests	(10,162)	(7,954)	(8,739)
Total equity deficit	130,573	10,594	80,666
	225,024	84,878	168,768

*) Resubmitted due to a reverse takeover, see exp. 1b

The attached explanations constitute an integral part of the consolidated interim financial statements.

August 30, 2022			
Financial Statements' Approval Date	Yossi Ben Shalom Board Chairman	Gil Sin Laser CEO	Tomer Geller CFO

Consolidated statements of profit & loss and other comprehensive profits

	Exp.	For the 6-month period ending on June 30 2022	For the 6-month period ending on June 30 2021 *)	For the year that ended on December 31 2021 *)
		Unaudited	Unaudited	Audited
Revenues	3	38,587	24,119	59,023
Cost of the services		44,927	26,306	64,463
Gross loss		6,340	2,187	5,440
Research and development expenses		3,019	2,839	5,800
Sales and marketing expenses		8,096	4,915	10,597
General and administrative expenses		19,481	8,922	22,533
Other incomes		(3,089)	-	(3,384)
Other expenses - reputation depreciation		11,567	-	-
Operating loss		45,414	18,863	40,986
Financing income		2,048	-	83
Financing expenses		1,661	1,842	6,327
Loss before income taxes		45,027	20,705	47,230
Taxes on income		-	(25)	1
Loss		45,027	20,680	47,231
Other total loss:				
Sums re-classified as profit or loss where the following specific conditions occur:				
Adjustments due to the translation of foreign activity's financial statements		1,209	(230)	(2,242)
Other comprehensive (profit) loss		1,209	(230)	(2,242)
Total loss		46,236	20,450	44,989
Loss attributable to:				
Company shareholders		43,912	18,940	43,816
Non-controlling interests		1,115	1,740	3,415
		45,027	20,680	47,231
Loss attributable to:				
Company shareholders		44,813	18,851	42,544
Non-controlling interests		1,423	1,599	2,445
		46,236	20,450	44,989
Loss per share attributable to the Company's shareholders (ILS)				
Basic and diluted loss (ILS)		(0.27)	(0.17)	(0.36)

*) Resubmitted due to a reverse takeover, see exp. 1b

The attached explanations constitute an integral part of the consolidated interim financial statements.

Consolidated statements of changes in equity

	Capital Shares	Share premium	Accumulated Loss	A transaction related fund that does not include rights of control	A fund created by a Share-based payment transaction	Adjustments from translations of financial statements of foreign operations	Capital fund for owner's loan conversion	Capital fund for transaction with controlling shareholders	Fund from re-measurement of defined benefit plans	Total	Non-controlling interests	Total Capital
	Unaudited											
	ILS in Thousands											
Balance as of January 1, 2022	-	176,002	(95,842)	2,882	1,069	1,417	2,647	1,208	22	89,405	(8,739)	80,666
Share issuance, net	-	16,678	-	-	-	-	-	-	-	16,678	-	16,678
A merger related reverse takeovers and capital issuances (see exp. 1a)	-	76,850	-	-	-	-	-	-	-	76,850	-	76,850
Cost of share-based payment	-	798	-	-	1,817	-	-	-	-	2,615	-	2,615
Adjustments resulting from the translation of foreign activity's financial statements	-	-	-	-	-	(901)	-	-	-	(901)	(308)	(1,209)
Loss	-	-	(43,912)	-	-	-	-	-	-	(43,912)	(1,115)	(45,027)
Balance as of June 30, 2022	-	270,328	(139,754)	2,882	2,886	516	2,647	1,208	22	140,735	(10,162)	130,573

The attached explanations constitute an integral part of the consolidated interim financial statements.

Consolidated statements of changes in equity

	Capital Shares	Shares premium	Accumulated Loss	Capital funds from transaction with non-controlling interests	Share-based payment transaction fund	Adjustments from translations of financial statements of foreign operations	Capital fund for owner's loan conversion	Capital fund for transaction with controlling shareholders	Fund from re-measurement of defined benefit plans	Total	Non-controlling interests	Total Capital
	Unaudited											
	ILS in Thousands											
Balance as of January 1, 2021	-	69,963	(52,026)	2,687	685	145	2,647	1,208	22	25,331	(6,464)	18,867
Share issuance, net	-	11,655	-	-	-	-	-	-	-	11,655	-	11,655
Cost of share-based payment	-	-	-	-	294	-	-	-	-	294	-	294
Issuance of capital to non-controlling interests	-	-	-	119	-	-	-	-	-	119	109	228
Adjustments from translations of financial statements of foreign operations	-	-	-	-	-	89	-	-	-	89	141	230
Loss	-	-	(18,940)	-	-	-	-	-	-	(18,940)	(1,740)	(20,680)
Balance as of June 30, 2021*)	-	81,618	(70,966)	2,806	979	234	2,647	1,208	22	18,548	(7,954)	10,594

*) The balances and activities prior to the merger are displayed again due to a reverse takeover, see exp. 1b.

The attached explanations constitute an integral part of the consolidated interim financial statements.

Consolidated statements of changes in equity

	Capital Shares	Shares premium	Accumulated Loss	Capital funds from transaction with non-controlling interests	Share-based payment transaction fund	Adjustments from translations of financial statements of foreign operations	Capital fund for owner's loan conversion	Capital fund for transaction with controlling shareholders	Fund from re-measurement of defined benefit plans	Total	Non-controlling interests	Total Capital
	Unaudited											
	ILS in Thousands											
Balance as of January 1, 2021*)	-	69,963	(52,026)	2,687	685	145	2,647	1,208	22	25,331	(6,464)	18,867
Shares issuance, net	-	106,039	-	-		-	-	-	-	106,039	-	106,039
Cost of share-based payment	-	-	-	-	384	-	-	-	-	384	-	384
Issuance of capital to non-controlling interests	-	-	-	195	-	-	-	-	-	195	170	365
Adjustments from translations of financial statements of foreign operations	-	-	-	-	-	1,272	-	-	-	1,272	970	2,242
Loss	-	-	(43,816)	-	-	-	-	-	-	(43,816)	(3,415)	(47,231)
Balance as of December 31, 2021*)	-	176,002	(95,842)	2,882	1,069	1,417	2,647	1,208	22	89,405	(8,739)	80,666

*) The balances and activities prior to the merger are displayed again due to a reverse takeover, see exp. 1b.

The attached explanations constitute an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the 6-month period ending on June 30		For the year that ended on December 31
	2022	2021 *)	2021 *)
	Un-audited		Audited
	ILS in Thousands		
Cash Flows from Current Activities			
Loss	(45,027)	(20,680)	(47,231)
Adjustments done to reconcile income to net cash flow provided by operating activities (a)	30,289	11,692	23,343
Net cash used in current activities	(14,738)	(8,988)	(23,888)
Cash flows from investing activities			
Acquisition of a subsidiary that was consolidated for the first time (c)	-	-	4,890
Reverse takeover	35,692	-	-
Purchase of intangible assets	-	-	(15)
Purchase of fixed assets	(981)	(8,357)	(8,895)
Proceeds from selling fixed assets	38	44	524
Net cash created by (used in) investment activities	34,749	(8,313)	(3,496)
Cash flows from financing activities			
Receipt of a loan from a banking corporation	1,750	2,500	2,500
Settling a loan from a banking corporation	(4,304)	(198)	(609)
Receipt of loan from non-controlling interests	-	223	994
Settling a loan from others	(316)	(1,382)	(2,582)
Issuance of shares, deducting the issuance costs	49,128	11,655	11,655
Owner's investment	-	-	15,681
Settling lease obligation	(6,506)	(3,972)	(10,363)
Net cash created by financing activity	39,752	8,826	17,276
Exchange differences for cash balances and cash equivalents	164	(55)	(410)
Cash and cash value increase (decrease)	59,927	(8,530)	(10,518)
Cash and cash equivalents at year start	12,977	23,495	23,495
Cash and cash equivalents at year end	72,904	14,965	12,977

*) Resubmitted due to a reverse takeover, see exp. 1b

The attached explanations constitute an integral part of the consolidated interim financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the 6 months ending on June 30		For the year that ended on December31
	2022	2021 *)	2021 *)
	Un-audited		Audited
	ILS in Thousands		
(A) Adjustments required to present cash flows from operating activities			
Income and expenses not involving cash flows:			
Depreciation and amortizations	14,376	8,716	22,349
Cost of share-based payment	2,615	294	384
Loss (Profit) from selling fixed assets	420	132	(48)
Financing expenses (incomes), net	(378)	1,680 **)	3,372 **)
Change in liabilities on employee benefits, net	-	(30)	(83)
Reputation depreciation	11,567	-	-
	28,600	10,792	25,974
Changes in asset and liability clauses:			
Increase (decrease) of customers	(809)	400	1,194
Decrease (increase) in other account receivables and debit balances	(2,549)	(2,858)	(6,504)
Increase in liabilities to suppliers and service providers	5,469	3,934	4,584
Increase in associated parties	195	507	99
Increase (decrease) in other accounts payable	451	72	(968)
	2,757	2,055	(1,595)
Cash paid during the period for:			
Interest paid	(1,068)	(1,155) **)	(1,036) **)
	30,289	11,692	23,343
(A) Significant non-cash transactions			
Recognition of a right-of-use asset against a lease obligation, net	593	18,554	19,679
(B) Acquisition of a subsidiary that was consolidated for the first time			
Assets and liabilities of the consolidated subsidiary as of the date of acquisition:			
Working capital (excluding cash and cash equivalents)	-	-	(11,762)
Other account receivables	-	-	1,198
Fixed assets	-	-	5,219
Right-of-use assets	-	-	5,746
Intangible assets	-	-	10,820
Reputation	-	-	73,223
Lease liabilities	-	-	(5,958)
Other Liabilities	-	-	(4,673)
Available for sale asset, net	-	-	
Share issuance	-	-	(78,703)
	-	-	(4,890)

*) Displayed again due to a reverse takeover, see exp. 1b.

**) Reclassified

The attached explanations constitute an integral part of the consolidated interim financial statement

Exp. 1: - GENERAL

A. GoTo Ltd (formerly known as 'Neratec Media Ltd.') (hereinafter "**the company**") was founded and associated in Israel on November 26, 2020. The company's registered office is located in Tel Aviv, Israel. The company is a public company whose shares are traded in the Tel Aviv Stock Exchange.

On June 6, 2022, a merger was completed between GoTo Ltd. and the Neratec Media Ltd. company (hereinafter "**Neratec**") by way of allocating Neratec shares to GoTo Ltd.'s shareholders (hereinafter "**the offerees**"). At the time of said merger, GoTo Ltd.'s preferred shares were converted into regular shares, so, each offered holding such preferred share received 1.2 regular GoTo Ltd shares. Per the agreement, the offerees transferred the entirety of their holding in GoTo Ltd in exchange for an allocation of 195,259,311 regular shares of the company, after which the offers are holding about 73% of the issued and paid capital of the company, thereby making GoTo Ltd a fully owned subsidiary of the company.

Furthermore, under the merger agreement, the company has issued the offerees the right to receive 82,626,380 regular shares per the following terms:

An additional allocation of 82,626,380 regular shares to the offerees should the company fail, within a year and a half from the time of the merger, to sell its subsidiary Trinity Audio Ltd or raise at least USD 2 million taking into account a more than USD 15 million value.

Insofar as the company does, within a year and a half of the merger, sell Trinity Audio Ltd or raise more than USD 2 million with a value higher than 15 million and lower than 30 million USD, the offerees will be allocated the relative part of the rights per such value. Insofar as the company does, within a year and a half of the merger, sell Trinity Audio Ltd or raise more than USD 2 million with a value of USD 30 million or more, the offerees will be allocated the relative part of the rights per such value.

As part of the suspension terms of, and concurrent with the merger agreement, GoTo Ltd has raised a sum total of about USD 20.7 million (about ILS 71 million) from investors and its shareholders during the years 2021 2022. For more information, see exp. 5. The consideration of about ILS 1.7 million of such raise is shown net, exclusive of raising costs.

B. The consolidated financial statements include the statements of both the company and GoTo Ltd and the other subsidiaries. Despite legally being the buyer of the shares as mentioned above, and since the GoTo Ltd.'s shareholders were given control in the company, it was determined that GoTo Ltd. is the accounting buyer of the activity, therefore, the transaction was handled as a reverse takeover constituting a joint venture. Such consolidated financial statements (including comparison figures) reflect the financial position and the results of the activities and cash flows of GoTo Ltd (the accounting buyer). The consideration of ILS 39,822 for the acquisition was determined in accordance with the value of the company's financial instruments (as the legal buyer or the accountingly procured) on the day of completing the transaction. A sum of about ILS 1.7 million in business combinations costs was entered in the company's administration and generalities section.

Furthermore, as per the merger agreement, and given that the company wishes to sell the Trinity Audio Ltd subsidiary, the latter is presented in the consolidated financial statements as for-sale assets from liabilities associated to such assets. Also, as of June 30, 2022, the company has entered a financial derivative of about ILS 4.6 million due to the allocation of additional shares to the offerees upon the sale of Trinity Audio Ltd as set forth above.

Exp. 1: - GENERAL (continued)

Although in the company's name, the financial statements, as set forth above, were accountingly handled as an extension of the financial statements of GoTo Ltd, who is the accounting buyer in this transaction, and any comparative information is related to GoTo Ltd, with the exception of comparative information pertaining data relating to profit per share and share capital, presented as provided for by the legal buyer's data. the comparative numbers in such statements were re-displayed to reflect the financial position and the outcomes of the group's activity in accordance with the reverse takeover approach.

As of June 16, 2022, Neratec Ltd. has changed its name to GoTo Ltd.

C. These financial statements were prepared in a condensed format as of June 30, 2022 and for the 6-month period ending on the same date (hereinafter: "**consolidated interim financial statements**"). These reports should be reviewed in the context of the Group's annual financial statements as of December 31, 2021 and the year ending on that date, and the accompanying explanations (hereinafter: "**the consolidated annual financial statements**").

D. During the period ending on June 30, 2022, the company has sustained a loss of ILS 45,027 and an ILS 14,738 negative cash flow in the process of ongoing activity. Concurrently, the company has an ILS 31,443 positive working capital for the same date.

It must be pointed out that the company's management and board of directors have reviewed the entirety of sources known to be at the company's disposal for the purpose of meeting its obligations in the foreseeable future. Since the company cannot be certain about any other fund raises at this time, it has initiated a profit focused strategy, implementing a streamlining process that includes inter alia: an improvement of the structure of the operational expenses by optimizing the existing fleets in Israel, Malta and Madrid; downsizing operational expenses in Germany by optimizing and replacing tools, as well as taking steps to make administration and generalities more efficient. As far as the company's headquarter is concerned, the company is taking steps to reduce management and general costs, including a reorganization of the company's executive structure. It is the company's board and management's opinion that the premises on which the foreseen plan is based are reasonable. In light of the foregoing, the company's board and management believe that the aforementioned streamlining steps will prove instrumental in meeting all of the company's obligation in the foreseeable future.

E. Pursuant to the foregoing in exp. 23c(4) in the company's financial statements, regarding the Maltese subsidiary's activity, as well as the owner's loans made to the subsidiary on June 14, 2022, the company has received a copy of a warning before legal action from the minority holder in the subsidiary, in which such shareholder demands inter alia that the loan so given to the subsidiary be settled forthwith. Furthermore, the company appealed to the subsidiary's board of directors regarding the settlement of such loans made to the subsidiary. As of the date of the statement, both the company and the holders of minority shares in GoTo Malta are mutually deliberating the option of any further activity in Malta. The foregoing notwithstanding, the parties have no claims in the matter and all is subject to the Maltese Ministry of Transport's approval. on August 30, 2022. the GoTo Ltd.'s board of directors gave its permission to the company's management to take steps to close down the Maltese GoTo activity if no agreement can be reached with the GoTo Malta minority holders regarding any further activity thereof.
As of the time of this statement, a going-concern note is included in the Maltese subsidiaries' financial statements, seeing as how no agreement was reached with the subsidiaries' shareholder regarding their failure to settle within the upcoming 12 months the loans given to the subsidiaries by such shareholder.

Exp. 1: - GENERAL (continued)

F. Pursuant to the foregoing in exp. 1d(e) of the annual financial statements, concerning the effects of the corona virus, as of the time of the statement, and due to high rates of vaccination in Israel, the effect of the corona crisis was significantly reduced, but in some industries it is still noticeable.
As of the first median of 2022, most of the corona related restrictions were lifted in the countries the where the company operates.
Furthermore, in the first median of 2022, the German subsidiary received a state grant of about ILS 2.5 million due to a decrease in company expenses, all associated with the corona virus.

Exp. 2: - PRINCIPLES OF ACCOUNTING POLICYA

Format of the Interim Consolidated Financial Statements

The Interim Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standard 34 Financial Reporting for Interim Periods, and in accordance with the disclosure directives pursuant to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 7530-1970.

The accounting policies applied in the preparation of the Interim Consolidated Financial Statements are consistent with those applied in the preparation of the Consolidated Annual Financial Statements, except as stated below.

Exp. 3: - INCOME SPLITING

	For the 6-month period ending on June 30		For the year that ended on December 31
	2022	2021	2021
	ILS in Thousands		
Round trip service	11,602	9,246	21,284
One way service	11,609	10,917	23,322
Electric motorcycle service	8,318	585	5,234
Bicycle and scooter service	1,929	93	1,834
Revenue from subscription fees and others	5,129	3,278	7,349
	38,587	24,119	59,023
Primary costumer	29%	39%	34%

Exp. 4: - ACTIVITY SECTORS

Reporting on activity segments

The activity sectors were determined based on information reviewed by the Chief Operating Officer (CODM) for the purposes of resource allocation and performance appraisal-based decision-making. As a result, for management purposes, the group is divided into geographical segments of activity. The company began operations in Spain in 2020, and the EMC company was acquired in Germany in 2021.

The Israeli Sector - The company operates collaborative transportation services including both round-trip and one-way rides.

The Maltese Sector - The company operates transportation services in Malta providing both round-trip and one-way rides, as well as shared rides by electric motorcycles, as part of this activity sector.

The Spanish Sector - the activity in this sector includes collaborative transportation services such as round-trip rides, one-way rides, and shared electric motorcycles and scooters.

The German Sector - the activity in this sector includes collaborative transportation services such as round-trip rides, one-way rides, and shared electric motorcycles and scooters.

THE OPERATING SEGMENTS' ACCOUNTING POLICIES ARE THE SAME AS THOSE PRESENTED IN EXP. 2.

Operating profit (loss) as reported in the financial statements is used to estimate sector performance.

Items that can be both directly and reasonably attributable to the segment and are included in segment results reported to the chief operating decision maker.

Items not allocated, including reputation depreciation, costs of R&D, technology, marketing and global management and generalities are managed on a group basis.

	Israel sector	**Malta sector**	**Spain sector**	**Germany sector**	**Total**
	Unaudited				
	in thousands ILS				
For the period ending on June 30, 2022					
Income from others	23,390	3,721	3,611	7,865	38,587
Sectorial profit (loss)	613	(1,608)	(8,165)	(10,492)	(19,652)
Expenses not attributable to sectors					(25,762)
Net financing expenses					387
Loss before income taxes					(45,027)

Exp. 4: - ACTIVITY SECTORS (continued)

	Israel sector	Malta sector	Spain sector	Total
	Unaudited			
	in thousands ILS			
For the period ending on June 30, 2021				
Income from others	19,988	3,079	1,052	24,119
Sectorial profit (loss)	773	(2,804)	(8,568)	(10,599)
Expenses not attributable to sectors				(8,264)
Net financing expenses				(1,842)
Loss before income taxes				(20,705)

	Israel sector	Malta sector	Spain sector	Germany sector	Total
	Audited				
	in thousands ILS				
For the year that ended on December 31, 2021					
Income from others	42,911	7,585	4,345	4,182	59,023
Sectorial profit (loss)	1,173	(5,370)	(17,149)	(4,226)	(25,572)
Expenses not attributable to sectors					(15,414)
Net financing expenses					(6,244)
Loss before income taxes					(47,230)

Exp. 5: - EVENTS DURING THE REPORTING PERIOD

A. On January 27, 2022, the Company's board of directors approved an allocation of 583,000 options for the employees.
The vesting period is as detailed below: The options will vest quarterly, with 8.33% vesting at the end of each quarter over a 3-year period. The exercise premium for each option is USD 3.
The fair value of the foregoing options at the time of granting, in accordance with the Black & Shcoolz model, is about USD 1.5 million (about ILS 4.7 million).

Below is a table showing the data used to estimate the fair value of the defrayed share options in the company's financial instruments as of the time of such granting, in accordance with the Black & Shcoolz model of options pricing:

Dividend yield on the share	0
Expected volatility in stock prices (%)	48.9% - 47.8%
Risk-free interest rate (%)	1.75% - 1.7%
Predicted life of stock options (years)	6.06 - 5.53
Stock price (USD)	4.46

Pursuant to the foregoing in exp. 1a above, following the merger transaction, the amount of options was adapted to 3,983,337 options with an additional 0.44 USD utilization.

B. As mentioned above in exp. 25b of the annual financial statements, regarding the non-binding memorandum of understanding between the company and WIND TEL-AVIV (BY BYKE) LTD, the parties have decided to terminate their association under a signed MOU, and are currently negotiating another format of collaboration.

C. On January 30, 2022, the company took an ILS 437.5 thousand loan from a banking corporation. The loan is unlinked and carries a fixed annual interest at the rate of 2.85%. The loan was settled on July 31, 2022.

D. On January 28, 2022, the company took an ILS 437.5 thousand loan from a banking corporation. The loan is unlinked and carries a fixed annual interest at the rate of 2.85%. The loan was settled on July 31, 2022.

E. On January 12, 2022, the company took a 875 thousand ILS loans from a banking corporation. The loans are unlinked and carry a changing annual interest at the rates of 3.10% and 2.85%. The loans were settled on July 31, 2022.

For more information, pertaining to any other settling of banking loans by the company following the time of this statement, see exp. L hereinafter.

F. On December 21, 2021, the Company and some of its shareholders entered an agreement under which they provided the Company with a USD 6.2 million convertible loan at a rate of 3% annual interest. According to the agreement, the loan's principal will be converted into class B preferred share capital of the Company at a company value of pre-money USD 102 million should any of the following occur:
   A. Investment in company's capital.
   B. If the Company merges or acquires another company, as stipulated in the Company's statutes.

Exp. 5: - EVENTS DURING THE REPORTING PERIOD (continued)

C. If more than 6 months have passed since the date of signing the agreement, even if the Company has not complied with the provisions of section a.

The loan has been recorded in the Company's accounts as an equity instrument.

As set forth in section H hereinafter on March 13, 2022, an investment was made in the company’s capital, and on that day, the loan was converted to 1,311.547 class B preferred shares of the company. As mentioned above in exp. 1a, upon the merger, the preferred shares were converted into regular shares of the company.

During the first half of 2022, the investment’s balance of about ILS 2.1 million was carried over against an allocation of 148,712 class B preferred shares, converted into company regular shares upon the merger.

G. Pursuant to the foregoing in exp. 1(4) of the annual financial statements regarding an investment agreement with KESHET HOLDINGD LTD (hereinafter “**Keshet**”), and pursuant also to Keshet’s request to change the terms of the agreement, the company and Keshet have jointly signed off on an amendment of the agreement, whereby up to the end of January 2023, the company will acquire television and digital advertisement services for ILS 3.75 million against an allocation of the company’s class B preferred shares. As mentioned above in exp. 1a, upon the merger, the preferred shares were converted into regular shares of the company. As per the agreement, up to June 30, 2022, the company has used about ILS 0.8 million in such advertisement services.
The company classified Keshet’s investment as a shares based payment measured according to the value of services the company has received from Keshet.

H. On March 13, 2022, the Spanish company ASTRA MOBILITY S.L. ("**Astra**"), primarily involved in the automobile industry, has made an investment in the company. The reflected pre-money value of that investment on the company was USD 102 million. Following are the main terms of the investment transaction:

- The company has raised USD 5 million (about ILS 16.3 million) from Astra, against which, Astra was allocated 1,122,013 class B preferred shares at ILS 0.01 nominal value each, making up about 4.14% of the post allocation, fully diluted company’s share capital.
- Astra has the right to appoint a director to the company's board of directors.
- In addition, the parties signed a memorandum of understanding for a collaboration in Central and South America, as well as other countries, as part of these agreements. The collaboration's specifics will be summarized in the future. Astra was also given the right of first refusal to supply vehicles to the Company and its European subsidiaries.

I. On March 15, 2022, in order to comply with one of the suspension terms of the Neratec transaction (raising at least USD 18 million), three investors as classified by the first addition to the Securities Law, had undertaken, subject to the merger, to purchase class B preferred shares of the company in a cumulative sum of USD 7 million (about ILS 24 million). Per the terms of association and following the merger on June 2022, such shares were allocated to the investors based on the company’s value of USD 96 million, against an investment of USD 7 million. As part of one of the investors’ undertaking to invest USD 5 million (about ILS 17 million), the board of directors of Shagrir gave its approval for Shagrir to take steps to ensure the investors the stability of the value of their holdings in Neratec after the completion of the Neratec transaction. As mentioned above in exp. 1a, upon the merger, the preferred shares were converted into regular shares of the company.

Exp. 5: - EVENTS DURING THE REPORTING PERIOD (continued)

J. Pursuant to the investments set forth in sections F, G and H above, and pursuant also to a shareholders meeting on March 21, 2022, it was agreed that the conversions of the loan and the investments will be based on the pre-money value of USD 96 million. It was further agreed that the interest on such loan in section F above will be paid on time.

K. On May 7, 2022, the company associated with ION, ION S.L, a provider of materials and technologies for the automobile industry (hereinafter "**the Spanish investor**"). Per the investment agreement, the Spanish investor will (subject to the completion of the merger with Neratec) invest in the company a sum of USD 2.5 million (about ILS 8.5 million), based on the pre-money value of USD 96 million, in exchange of which 637,027 class B preferred shares of the company at a nominal value of ILS 0.01 each, were allocated to the Spanish investor. The consideration of the invested was given to the company on June 2022. As mentioned above in exp. 1a, upon the merger, the preferred shares were converted into regular shares of the company.

L. On August 24, 2022. the company has settled an ILS 11.5 million balance in bank loans, at which time about ILS 18.3 million guarantees given by Shagrir to the banking corporation against the company's loans were lifted. Furthermore, following such settlements, the company still has outstanding loans of about ILS 1 million.

M. Considering the world markets situation, increased returns and a drop in share prices indicating depreciation, the company, assisted by an outside independent value appraiser, inspected the cash generating unit in Germany as of June 30, 2022. Following the foregoing inspection, the company entered in its profit and loss statement of the first median of 2022, a reputation depreciation clause of about ILS 11.6 million. The pre-tax deduction rate, according to which the cash flows were capitalized is 22.7%. Cash flow estimations for a period longer than five years will be based on a fixed growth rate of 3%, which is the average long-term growth rate.
Any app. 0.5% change in the rate of deduction, with no change in the other variables, will decrease/increase the unit's value by about ILS 3.8 million.
Any app. 0.5% long-term growth rate, with no change in the other variables, will decrease/increase the unit's value by about ILS 2.5 million.

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