

The Consolidated
Financial Statements of
IDENTA CORP
As of December 31, 2020

IDENTA CORP

Consolidated Financial Statements as of December 31, 2020

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WEINSTEIN INTERNATIONAL

C.P.A.

REPORT OF THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of

IDENTA CORP

Opinion on the Financial Statements

We have audited the accompanying balance sheets of IDENTA CORP ("the Company") as of December 31, 2020 and 2019 and the related statements of operations, changes in stockholders' deficit and cash flows, for each of the three years in the period ended December 31, 2020, and the related notes and schedules (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2020, in conformity with generally accepted accounting principles in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/Weinstein International CPA

We have served as the Company's auditor since 2019.

Tel Aviv, Israel
March 29, 2021



IDENTA CORP
Consolidated Balance Sheets

		As of December 31	
		2020	2019
		\$	
ASSETS	Notes		
<u>Current Assets</u>			
Cash and cash equivalents		541,092	224,623
Accounts receivable		87,640	63,622
Other receivables		59,734	7,965
Inventories		276,396	327,821
<i>Total Current Assets</i>		964,862	624,031
<u>Fixed Assets, Net</u>	3	95,767	53,922
TOTAL ASSETS		1,060,629	677,953

IDENTA CORP
Consolidated Balance Sheets

	<u>Notes</u>	As of December 31	
		2020	2019
		\$	
LIABILITY AND STOCKHOLDERS' DEFICIT			
<u>Current Liabilities</u>			
Short-term credit	4	-	50,970
Accounts payable	5	84,740	62,398
Other payables	6	185,144	167,144
Other payables - related parties	7,12	344,154	357,803
<i>Total Current Liabilities</i>		614,038	638,315
<u>Employee benefit obligations</u>	8	106,222	56,497
Total Liabilities		720,260	694,812
<u>Stockholders' equity (deficit)</u>			
Common stock, \$0.001 par value; 16,400,000,000 share authorized; 4,045,589 shares issued and outstanding at December 31, 2020 and 2019.	9	4,046	4,046
Paid in capital		3,999,295	3,999,295
Treasury Stock		(28,935)	(28,935)
Other comprehensive income		91,997	89,218
Stock options		9,128	9,128
Accumulated deficit		(3,735,162)	(4,089,611)
Total stockholders' equity (deficit)		340,369	(16,859)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		1,060,629	677,953

Amichai
CEO

March 25, 2021

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

IDENTA CORP
Consolidated Statement of Operations

	Year ended December 31	
	2020	2019
	\$	
Revenues	1,449,899	1,012,822
Grants income	79,013	-
Research and development expenses	(4,638)	(23,367)
Cost of sales	(571,093)	(364,579)
Gross profit	953,181	624,876
General and administrative costs	(597,608)	(521,995)
Profit before finance costs	355,573	102,881
Finance costs, net	11 (1,124)	(37,362)
Net profit	354,449	65,519
Net loss per common share - basic and diluted		
Net profit (loss) per share attributable to common stockholders	0.09	0.02
Weighted-average number of common shares outstanding	4,045,589	4,045,589

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

IDENTA CORP
Consolidated Statements of Stockholders' Equity

	Common Stock				Other comprehensive income	Treasury Stock	Accumulated equity (deficit)	Total shareholders' deficit
	Shares	Amount	Discount on capital	Stock options				
Balance of January 1, 2018	4,045,589	4,046	3,999,295	9,128	125,936	-	(4,155,130)	(16,725)
Changes in Treasury Stock		-	-	-	-	(28,935)	-	(28,935)
Profit (Loss) for the year	-	-	-	-	(36,718)	-	65,519	28,801
Balance of December 31, 2019	4,045,589	4,046	3,999,295	9,128	89,218	(28,935)	(4,089,611)	(16,859)
Profit for the year	-	-	-	-	2,779	-	354,449	357,228
Balance of December 31, 2020	4,045,589	4,046	3,999,295	9,128	91,997	(28,935)	(3,735,162)	340,369

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

IDENTA CORP
Consolidated Statement of Cash Flows

	Year ended	
	December 31	
	2020	2019
	\$	
<u>Cash flows from operating activities</u>		
Net profit	354,449	65,519
Adjustments for non-cash income and expenses		
Depreciation	11,349	9,324
Provision for severance pay	49,725	8,412
Changes in other comprehensive income	2,779	(36,718)
	63,853	(18,982)
Changes in operating assets and liabilities		
Decrease (Increase) in accounts receivable	(24,018)	24,908
Increase in other receivables	(51,769)	(1,102)
Decrease (Increase) in inventory	51,425	(94,772)
Increase in accounts payable	22,342	8,486
Increase in other payables	15,509	1,250
	13,489	(61,230)
Net cash earned (used) in operating activities	431,791	(14,693)
<u>Cash flows from investing activities</u>		
Acquisition of fixed assets	(53,194)	(12,303)
Net cash used in investing activities	(53,194)	(12,303)
<u>Cash flows from financing activities</u>		
Proceeds from (Repayment of) short term loan from banks	(50,970)	50,970
Repayment of long terms loans	-	(4,612)
Proceeds from loan with shareholders	2,491	10,670
Proceeds from (Repayment of) loan with related parties	(13,649)	27,878
Treasury Stock	-	(28,935)
Net cash earned (used) in financing activities	(62,128)	55,971
Increase in cash and cash equivalents	316,469	28,975
Cash and cash equivalents at the beginning of the year	224,623	195,648
Cash and cash equivalents at the end of the year	541,092	224,623

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

IDENTA CORP

Notes to the Consolidated Financial Statements

Note 1 - Nature of business of presentation

IDENTA CORP (the "Company") is a Florida Corporation incorporated on June 3, 1997 as Future products VI corp until July 2000 and was known also as Bouy Club, Inc. until January 2002. The Company is a sole shareholder of Identa Ltd, an Israeli limited company. The operation of the company is through its subsidiary, which develops products to test for the presence of illegal drugs for the law enforcements industry.

Basis of Presentation

The Company maintains its accounting records on an accrual basis in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

These financial statements are presented in US dollars.

Fiscal Year End

The Corporation has adopted a fiscal year end of December 31.

Note 2 - Summary of significant accounting policies

The principal accounting policies are set out below, these policies have been consistently applied to the period presented, unless otherwise stated:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Customers Concentration

Revenues from one customer represent approximately EURO 330,724 and EURO 296,823 (about \$377,000 and \$338,100) of the company's revenue for the year ended December 31, 2020 and 2019, respectfully.

Revenues from another customer represent approximately \$322,470 and \$433,350 of the company's revenue for the year ended December 31, 2020 and 2019, respectfully.

Revenues from another customer represent approximately \$456,456 and \$0 of the company's revenue for the year ended December 31, 2020 and 2019, respectfully.

Those customers and this revenue is part of a long term contracts for product supply over the existence of the contracts. The end user of our products for those contracts are governmental agencies.

Principles of Consolidation

The consolidated financial statements include the accounts of IDENTA CORP and its subsidiaries. Intercompany transactions and balances have been eliminated. Equity investments through which we are able to exercise significant influence over but do not control the investee and are not the primary beneficiary of the investee's activities are accounted for using the equity method. Investments through which we are not able to exercise significant influence over the investee and which do not have readily determinable fair values are accounted for under the cost method.

Foreign Currencies

The consolidated financial statements are presented in U.S. Dollars, which is the Company's functional currency and presentation currency. The financial statements of entities that use a functional currency other than the U.S. Dollar are translated into U.S. Dollars. Assets and liabilities are translated using the exchange rate on the respective balance sheet dates. Items in the income statement and cash flow statement are translated into U.S. Dollars using the average rates of exchange for the periods involved. The resulting translation adjustments are recorded as a separate component of other comprehensive income ("OCI") within stockholders' equity.

The functional currency of foreign entities is generally the local currency unless the primary economic environment requires the use of another currency. Gains or losses arising from the translation or settlement of foreign-currency-

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 2 - Summary of significant accounting policies (Cont.)

denominated monetary assets and liabilities into the functional currency are recognized in the income in the period in which they arise.

New Israeli Shekel ("NIS") amounts as of December 31, 2020 have been translated into U.S. Dollars at the representative rate of exchange on December 31, 2020 (USD 1 = NIS 3.215). Revenue and expenses have been translated into U.S. Dollars at the average rate of exchange on for the year ended on December 31, 2020 (USD 1 = NIS 3.4424).

Cash and cash equivalents

Cash and equivalents include investments with initial maturities of three months or less. The Company maintains its cash balances at credit-worthy financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000.

Accounts Receivable

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Based on historical collection activity, the Company had no allowances for bad debts at December 31, 2020 and 2019.

Inventories

Inventories are stated at average cost, subject to the lower of cost or market. Cost includes materials, labor, and manufacturing overhead related to the purchase and production of inventories. We regularly review inventory quantities on hand, future purchase commitments with our suppliers, and the estimated utility of our inventory. If our review indicates a reduction in utility below carrying value, we reduce our inventory to a new cost basis through a charge to cost of revenue. The determination of market value and the estimated volume of demand used in the lower of cost or market analysis require significant judgment.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Major repairs and betterments that significantly extend original useful lives or improve productivity are capitalized and depreciated over the period benefited. Maintenance and repairs are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation of property and equipment is provided using shorter of useful live of the property or the unit of depletion method. For shorter-lived assets the straight-line method over estimated lives ranging from 3 to 10 years is used as follows:

Furniture	6-7 years
Capital Improvements	10 years
Computers and Electronic Equipments	3-10 years

Impairment Long-Lived Assets

For purposes of recognition and measurement of an impairment loss, a long-lived asset or assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. The Company assesses the impairment of long-lived assets (including identifiable intangible assets) annually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

When management determines that the carrying value of long-lived assets may not be recoverable based upon the

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 2 - Summary of significant accounting policies (Cont.)

existence of one or more of the above indicators of impairment, we test for any impairment based on a projected undiscounted cash flow method. Projected future operating results and cash flows of the asset or asset group are used to establish the fair value used in evaluating the carrying value of long-lived and intangible assets. The Company estimates the future cash flows of the long-lived assets using current and long-term financial forecasts. The carrying amount of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset. If this were the case, an impairment loss would be recognized. The impairment loss recognized is the amount by which the carrying amount exceeds the fair value.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are carried at amortized cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Earnings per Share

The Company computes net loss per share in accordance with ASC 260, "Earnings Per Share" ASC 260 requires presentation of both basic and diluted earnings per share ("EPS") on the face of the income statement. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of all potential dilutive common shares, which comprise options granted to employees. As December 31, 2020, the Company had no potentially dilutive shares.

Income Taxes

Income taxes are accounted for in accordance with ASC Topic 740, "Income Taxes." Under the asset and liability method, deferred tax assets and liabilities are recognized for the future consequences of differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (temporary differences). Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are recovered or settled. Valuation allowances for deferred tax assets are established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Revenue Recognition

The Company recognizes revenue when all of the following have occurred: persuasive evidence of an agreement with the customer exists, delivery has occurred or services have been rendered, the selling price is fixed or determinable and collectability of the selling price is reasonably assured.

Cost of Sales

Cost of sales includes all of the costs to manufacture the Company's products. For products manufactured in the Company's own facilities, such costs include raw materials and supplies, direct labour and factory overhead. For products manufactured for the Company by third-party contractors, such cost represents the amounts invoiced by the contractors.

Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability. The authoritative guidance on fair value measurements establishes a consistent framework for measuring fair value on either a recurring or nonrecurring basis whereby inputs, used in valuation techniques, are assigned a hierarchical level.

The following are the hierarchical levels of inputs to measure fair value:

- Level 1: Quoted prices in active markets for identical instruments;
- Level 2: Other significant observable inputs (including quoted prices in active markets for similar instruments);

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 2 - Summary of significant accounting policies (Cont.)

- Level 3: Significant unobservable inputs (including assumptions in determining the fair value of certain investments).

Note 3 - Fixed Assets, Net

	<u>Computers and electronic equipment</u>	<u>Furniture</u>	<u>Capital Improvements</u>	<u>Total</u>
	\$			
<u>Cost</u>				
Balance as at January 1, 2020	18,732	98,962	23,641	141,335
Current year	3,832	36,294	-	40,126
Balance as at December 31, 2020	<u>22,564</u>	<u>135,256</u>	<u>23,641</u>	<u>181,461</u>
<u>Accumulated Depreciation</u>				
Balance as at January 1, 2020	10,277	47,610	16,458	74,345
Current year	2,341	6,801	2,207	11,349
Balance as at December 31, 2020	<u>12,618</u>	<u>54,411</u>	<u>18,665</u>	<u>85,694</u>
Fixed Assets, Net as at December 31, 2020	<u>9,946</u>	<u>80,845</u>	<u>4,976</u>	<u>95,767</u>

Note 4 - Short-term credit

	<u>As of December 31</u>	
	<u>2020</u>	<u>2019</u>
	\$	
Short term credit	-	<u>50,970</u>

Note 5 - Accounts payable

	<u>As of December 31</u>	
	<u>2020</u>	<u>2019</u>
	\$	
Trade creditors	82,909	60,151
Outstanding checks	1,831	2,247
	<u>84,740</u>	<u>62,398</u>

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 6 - Other payables

	<u>As of December 31</u>	
	<u>2020</u>	<u>2019</u>
	\$	
Institutions	7,639	2,661
Loans from shareholders *	139,450	136,959
Accrued expenses	10,886	10,127
Advance from customers	3,483	-
Employees	23,686	17,397
	<u>185,144</u>	<u>167,144</u>

* The loans increase due to changes in the currency exchange rate.

Note 7 - Other payables - related parties

	<u>As of December 31</u>	
	<u>2020</u>	<u>2019</u>
	\$	
Loan from related parties	<u>344,154</u>	<u>357,803</u>

The above loan is unsecured, bears no interest and has no set terms of repayment.
This loan is repayable on demand.

Note 8 - Employee benefit obligations

Israeli law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances. The following principal plans relate to the employees in Israel:

The Company's liability for severance pay for its Israeli employees is calculated pursuant to Israeli severance pay law based on the most recent salary of the employee multiplied by the number of years of employment, as of the balance sheet date. Employees are entitled to one month's salary for each year of employment, or a portion thereof. The Company's liability for all of its Israeli employees is partially provided for by monthly deposits in insurance policies and the remainder by an accrual in the financial statements. The value of these policies is recorded as an asset in the Company's balance sheet.

The deposited funds include profits/loss accumulated up to the balance sheet date. The value of the deposited funds is based on current redemption value of these policies. Withdrawals from the funds may be made only upon termination of employment.

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 9 - Capital Stock

Common stock

On July 1, 2016 the Company issued 340,000,000 shares of common stock. Shares were issued to lenders and officers of the company for service equivalent- the price evaluate is \$102,000.

On November 1, 2016 the Company issued 150,000,000 shares of common stock. Shares were issued to officers of the company for service equivalent- the price evaluate is \$75,000.

On November 21, 2016 the Company issued 100,000,000 shares of common stock. Shares were converted instead of a loan of \$100,000.

On November 30, 2016 the Company issued 1,654,000,000 shares of common stock. Shares were issued to investors at a price of \$ 0.00035 per share for cash, for \$578,000.

On December 1, 2016 the Company issued 150,480,000 shares of common stock. Shares were issued due to anti-diluted agreement with investors.

On February 28, 2017 the Company issued 137,610,000 shares of common stock. Shares were issued due to cancelling the anti-diluted agreement with investors.

On March 23, 2017 the Company issued 50,000,000 shares of common stock. Shares were issued to investors at a price of \$ 0.000367 per share for cash, for \$18,484.

On May 15, 2017 the Company granted an option to purchase 48,000 shares in a price of \$1.6 per share (in the event of share consolidation, there shall be an adjustment). The options will vest on a monthly basis over a period of one year, amounting to 16 million shares per month (in the event of share consolidation, there shall be an adjustment). The options will expire on May 15, 2027 or 6 months following the date of the termination of services.

The vendor gave services for 2 months.

Options were issued to vendors of the company for service equivalent- the price evaluate is \$9,128.

On June 20, 2017 the Company came to effect a reverse share split of its shares at a ratio of 1-for-4,000. As a result of the reverse share split, the Company's issued and outstanding ordinary shares will decrease to 4,024,929 ordinary shares, post-split.

On November 7, 2017 the Company issued 20,000 shares of common stock. Shares were issued to investors at a price of \$ 1.026 per share for cash, for \$20,520.

Note 10 - Income taxes

The Company provided a valuation for previous years, the Company did not record allowance for tax payment or tax benefit. Due to new regulation the Company do not carry forward all losses it accumulated in the past, and therefore the Company do not record future tax benefit. The Company expect to carry losses to off set the profit of the year ended December 31, 2020.

The Company did not identify any material uncertain tax positions. The Company did not recognize any interest or penalties for unrecognized tax benefits.

The federal income tax returns of the Company are subject to examination by the IRS, generally for three years after they are filed.

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 11 - Finance costs, net

	Year ended December 31	
	2020	2019
	\$	
<u>Finance costs</u>		
Bank institutions	9,603	5,269
Others	-	145
Institutions	-	11
	9,603	5,403
<u>Finance income</u>		
Exchange rate differences	8,479	31,959
	(1,124)	(37,362)

Note 12 - Related party transactions

Details of transaction between the Company and related parties are disclosed below:

The following entities have been identified as related parties:

Yaakov Shoham	-Greater than 10% stockholder (held directly and/or by immediate family)
Yehuda shoham	-Greater than 10% stockholder (held directly and/or by immediate family)
Baruch Glattstein	-Greater than 10% stockholder (held directly and/or by immediate family)
Amichai Glattstein	-Director and greater than 10% stockholder (held directly and/or by immediate family)
Barry R. Alter	-Director
Alon Bareket	-Director
Aviad salmon	-Director (resigned on August 24, 2020)
Nachum Wissmann	-Director
Richard Naimer	-Chairman

The following balances exist with related parties:

	As of December 31	
	2020	2019
	\$	
Loan from related parties	344,154	357,803

From time to time, the directors and stockholder of the Company provides advances to the Company for its working capital purposes. These advances bear no interest and are due on demand.

INCOME STATEMENT

The following transactions were carried out with related parties:

	As of December 31	
	2020	2019
	\$	
Directors compensation	88,531	47,131

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 13 - Commitments and contingencies

During 2016 the company received loans from shareholders. The company has disagreement with the lenders regarding to the interest obligation. The company expects this issue to be resolved.

Note 14 - Subsequent events

In accordance with ASC 855-10, Company management reviewed all material events through the date of this report and determined that there are no additional material subsequent events to report.