

The Consolidated
Financial Statements of
IDENTA CORP
As of September 30, 2022

IDENTA CORP

Consolidated Financial Statements as of September 30, 2022

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IDENTA CORP
Consolidated Balance Sheets

		<u>As of September 30</u>	<u>As of December 31</u>
		<u>2022</u>	<u>2021</u>
		<u>Unaudited</u>	<u>Audited</u>
	<u>Notes</u>		\$
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents		324,475	347,151
Accounts receivable		214,027	213,964
Other receivables	3	8,478	42,991
Inventories		365,033	415,856
<i>Total Current Assets</i>		<u>912,013</u>	<u>1,019,962</u>
<u>Fixed Assets, Net</u>	4	<u>215,571</u>	<u>209,367</u>
TOTAL ASSETS		<u><u>1,127,584</u></u>	<u><u>1,229,329</u></u>

IDENTA CORP
Consolidated Balance Sheets

		<u>As of September 30</u>	<u>As of December 31</u>
		<u>2022</u>	<u>2021</u>
		<u>Unaudited</u>	<u>Audited</u>
	<u>Notes</u>	<u>\$</u>	
LIABILITY AND STOCKHOLDERS' DEFICIT			
<u>Current Liabilities</u>			
Short-term credit		64,111	-
Accounts payable	5	103,338	135,725
Other payables	6	158,084	196,111
Other payables - related parties	7,12	347,086	370,688
<i>Total Current Liabilities</i>		<u>672,619</u>	<u>702,524</u>
<u>Employee benefit obligations</u>	8	<u>84,962</u>	<u>96,791</u>
Total Liabilities		<u>757,581</u>	<u>799,315</u>
<u>Stockholders' equity</u>			
Common stock, \$0.001 par value; 16,400,000,000 share authorized; 4,045,589 shares issued and outstanding at September 30, 2022 and December 31, 2021.	9	4,046	4,046
Paid in capital		3,999,295	3,999,295
Treasury Stock		(28,935)	(28,935)
Other comprehensive income		62,789	112,459
Stock options		9,128	9,128
Accumulated deficit		(3,676,320)	(3,665,979)
Total stockholders' equity		<u>370,003</u>	<u>430,014</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT		<u>1,127,584</u>	<u>1,229,329</u>

Amichai
CEO

November 14, 2022

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

IDENTA CORP
Consolidated Statement of Comprehensive Income

	Period of 3 months ended		Period of 9 months ended	
	September 30		September 30	
	2022	2021	2022	2021
Unaudited				
\$				
Revenues	332,296	335,121	941,704	1,074,672
Grants income	44,447	24,412	119,800	40,476
Research and development expenses	-	(671)	(211)	(9,732)
Cost of sales	(89,292)	(139,576)	(313,930)	(344,154)
Gross profit	287,451	219,286	747,363	761,262
General and administrative costs	(250,594)	(221,900)	(747,631)	(605,783)
Profit (Loss) before finance costs	36,857	(2,614)	(268)	155,479
Finance costs, net	11 (16,987)	(9,563)	(9,622)	(30,645)
Profit (Loss) before taxation	19,870	(12,177)	(9,890)	124,834
Income tax expense	(451)	(33,615)	(451)	(33,615)
Net profit (loss)	19,419	(45,792)	(10,341)	91,219
Other comprehensive income				
Foreign currency translation adjustment	(7,566)	32,075	(49,670)	5,777
Comprehensive income	11,853	(13,717)	(60,011)	96,996
Net profit (loss) per common share - basic and diluted				
Net profit (loss) per share attributable to common stockholders	0.00	(0.01)	(0.00)	0.02
Weighted-average number of common shares outstanding	4,045,589	4,045,589	4,045,589	4,045,589
Weighted-average common share outstanding	4,715,589	4,045,589	4,715,589	4,045,589

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

IDENTA CORP
Consolidated Statements of Stockholders' Equity

	<u>Common Stock</u>							
	<u>Shares</u>	<u>Amount</u>	<u>Paid in capital</u>	<u>Treasury Stock</u>	<u>Other comprehensive income</u>	<u>Stock options</u>	<u>Accumulated deficit</u>	<u>Total stockholders' equity</u>
					\$			
Balance of January 1, 2021	4,045,589	4,046	3,999,295	(28,935)	91,997	9,128	(3,735,162)	340,369
Profit for the Period	-	-	-	-	20,462	-	69,183	89,645
Balance of December 31, 2021	4,045,589	4,046	3,999,295	(28,935)	112,459	9,128	(3,665,979)	430,014
Loss for the Period	-	-	-	-	(49,670)	-	(10,341)	(60,011)
Balance of September 30, 2022	4,045,589	4,046	3,999,295	(28,935)	62,789	9,128	(3,676,320)	370,003

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

IDENTA CORP
Consolidated Statement of Cash Flows

	Period of 9 months ended	
	September 30	
	2022	2021
	Unaudited	
	\$	
<u>Cash flows from operating activities</u>		
Net profit (loss)	(10,341)	91,219
Adjustments for non-cash income and expenses		
Depreciation	16,478	14,088
Provision for severance pay	(11,829)	(460)
Changes in other comprehensive income	(49,670)	5,777
	(45,021)	19,405
Changes in operating assets and liabilities		
Increase in accounts receivable	(63)	(302,451)
Decrease in other receivables	34,513	36,366
Decrease in inventory	50,823	1,198
Increase (Decrease) in accounts payable	(32,387)	69,051
Decrease in other payables	(20,802)	(7,663)
	32,084	(203,499)
Net cash used in operating activities	(23,278)	(92,875)
<u>Cash flows from investing activities</u>		
Acquisition of fixed assets	(22,682)	(112,897)
Net cash used in investing activities	(22,682)	(112,897)
<u>Cash flows from financing activities</u>		
Proceeds from short term loan from banks	64,111	69,177
Repayment of loan with shareholders	(17,225)	(3,702)
Repayment of loan with related parties	(23,602)	(1,490)
Net cash earned in financing activities	23,284	63,985
Decrease in cash and cash equivalents	(22,676)	(141,787)
Cash and cash equivalents at the beginning of the year	347,151	541,092
Cash and cash equivalents at the end of the Period	324,475	399,305

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 \$337,409 and \$749,432 of the company's revenue for the period ended September 30, 2022 and 2021, respectfully.

Revenues from another customer represent approximately \$119,676 and \$1,317 of the company's revenue for the period ended September 30, 2022 and 2021, respectfully.

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-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 September 30, 2022 have been translated into U.S. Dollars at the representative rate of exchange on September 30, 2022 (USD 1 = NIS 3.543). Revenue and expenses have been translated into U.S. Dollars at the average rate of exchange on for the period ended on September 30, 2022 (USD 1 = NIS 3.3151).

IDENTA CORP
Notes to the Consolidated Financial Statements

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

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 September 30, 2022 and December 2021.

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 life 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 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.

IDENTA CORP
Notes to the Consolidated Financial Statements

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

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 September 30, 2022, the Company had 670,000 options that 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);
- Level 3: Significant unobservable inputs (including assumptions in determining the fair value of certain investments).

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 3 - Other receivables

	<u>As of September 30</u>	<u>As of December 31</u>
	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Audited</u>
	\$	
Advance payments to suppliers	-	23,960
Prepaid expenses	123	3,478
Institutions	8,355	15,553
	<u>8,478</u>	<u>42,991</u>

Note 4 - Fixed Assets, Net

	<u>Computers and electronic equipment</u>	<u>Furniture</u>	<u>Capital Improvements</u>	<u>Total</u>
	<u>Unaudited</u>			
	\$			
<u>Cost</u>				
Balance as at January 1, 2022	24,850	269,663	24,439	318,952
Current Period	-	22,682	-	22,682
Balance as at September 30, 2022	<u>24,850</u>	<u>292,345</u>	<u>24,439</u>	<u>341,634</u>
<u>Accumulated Depreciation</u>				
Balance as at January 1, 2022	16,598	71,087	21,900	109,585
Current Period	2,426	12,332	1,720	16,478
Balance as at September 30, 2022	<u>19,024</u>	<u>83,419</u>	<u>23,620</u>	<u>126,063</u>
Fixed Assets, Net as at September 30, 2022	<u>5,826</u>	<u>208,926</u>	<u>819</u>	<u>215,571</u>
Fixed Assets, Net as at December 31, 2021	<u>8,252</u>	<u>198,576</u>	<u>2,539</u>	<u>209,367</u>

Note 5 - Accounts payable

	<u>As of September 30</u>	<u>As of December 31</u>
	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Audited</u>
	\$	
Trade creditors	101,464	131,454
Outstanding checks	1,874	4,271
	<u>103,338</u>	<u>135,725</u>

IDENTA CORP
Notes to the Consolidated Financial Statements

Note 6 - Other payables

	<u>As of September 30</u>	<u>As of December 31</u>
	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>\$</u>	
Institutions	4,393	16,267
Loans from shareholders	123,717	140,942
Accrued expenses	3,000	2,251
Employees	26,974	36,651
	<u>158,084</u>	<u>196,111</u>

Note 7 - Other payables - related parties

	<u>As of September 30</u>	<u>As of December 31</u>
	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>\$</u>	
Loan from related parties *	<u>347,086</u>	<u>370,688</u>

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

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

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.

On February 1, 2020, the Company granted 80,000 stock options to the Chairman of the Company, exercisable at \$1 per share and expire three years after vesting date. The options vest monthly for the next 12 months starting at February 28, 2020.

Employee Stock Option (ESO)

On April 4, 2022, the company granted its employees 670,000 options to purchase the company's shares, valid for five years. Each option gives the right to purchase one share for a total of 50 cents, So if all the options are exercised, \$335,000 will be added to the equity.

The option will expire on April 4, 2027.

IDENTA CORP
Notes to the Consolidated Financial Statements

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, 2021.

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.

Note 11 - Finance costs, net

	Period of 9 months ended September 30	
	2022	2021
	Unaudited	
	\$	
<u>Finance costs</u>		
Bank institutions	11,685	8,791
Exchange rate differences	-	21,854
	11,685	30,645
<u>Finance income</u>		
Interest from institutions	167	-
Exchange rate differences	1,896	-
	2,063	-
	9,622	30,645

IDENTA CORP
Notes to the Consolidated Financial Statements

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:

Amichai Glattstein	-Director and greater than 10% stockholder (held directly and/or by immediate family)
Barry R. Alter	-Director
Alon Bareket	-Director (until March 31, 2022)
Nachum Wissmann	-Director
Yirat Froma Lehrer	-Director (since April 1, 2022)

The following balances exist with related parties:

	<u>As of September 30</u>	<u>As of December 31</u>
	<u>2022</u>	<u>2021</u>
	<u>Unaudited</u>	<u>Audited</u>
		\$
Loan from related parties *	<u>347,086</u>	<u>370,688</u>

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.

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

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 shortly.

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.



WEINSTEIN INTERNATIONAL

WEINSTEIN INTERNATIONAL
C.P.A.

Management is responsible for the accompanying financial statements of IDENTIA Corp., which comprise the balance sheets as of September 30, 2022 and December 31, 2021, and the related statements of income, changes in stockholders' equity, and cash flows for the period ended September 30, 2022 and 2021, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, and we were not required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion or a conclusion or provide any form of assurance on these financial statements.

On April 4, 2022 the company granted its employees 670,000 options to purchase the company's shares, these options being valid for a period of 5 years from the date of the grant. Each option grants the holder the right to purchase one share for a price of \$0.50. If all options are exercised the company's equity will increase by \$335,000. The options are due to expire on April 4, 2027.

Weinstein International C.P.A

Tel Aviv, Israel

November 14, 2022

