

FINANCE TECHNOLOGIES LTD

Summary of Financial Reports

As of December 31, 2022

Board of Directors' Report on the State of the Company's Affairs
As of December 31 2022

The Company's Board of Directors is pleased to submit the Board of Directors' Report on the State of the Company's Affairs for the year ended December 31 2022 (hereinafter - the "**Report Period**"), all in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970.

The review presented below relates to the state of the Company's affairs, itself and/or through corporations under its control (hereinafter jointly: the "**Group**") in the Report Period.

Unless expressly stated otherwise, the terms used in this report shall be assigned the meaning defined thereto in Chapter A to the Periodic Report.

Part A - Board of Directors' Explanations to the State of the Company's Affairs

1. Introduction

- 1.1. **The Company is engaged in the field of financial technologies ("fintech"), including in the development of a unique platform used by the Company to operate credit and savings management systems in Israel and abroad, with an emphasis on the following areas:**
 - 1.1.1. **BNPLer Car** - credit for purchasing a car;
 - 1.1.2. **BNPLer Pay** - credit at points of sale;
 - 1.1.3. **BNPLer Loans** - personal loans;
 - 1.1.4. **SME Lending** - business credit;
 - 1.1.5. Real estate-backed credit.
- 1.2. The Group has two operating segments: (a) Provision of credit - provision of consumer and business credit, mainly in Europe (Poland, Lithuania and Latvia¹), and (b) P2P credit with an emphasis on consumer credit - an activity conducted mainly in Israel.
- 1.3. As of the report date, the Company has a credit portfolio under management at the total amount of NIS 697 million (including loans in the P2P credit platform totaling NIS 610 million). The Group's credit portfolio under management increased by 54% compared with the corresponding period last year.
- 1.4. As of the report date, the total amount of credit advanced as part the credit portfolio under management in Israel and in Europe amounts to NIS 472 million (including NIS 406 million in loans advanced through the P2P credit platform). The amount of credit advanced in the portfolio under management increased by 84% compared with the corresponding period last year.
- 1.5. The Group's gross revenues (**Non-GAAP**) increased to NIS 61.5 million in 2022 - a 58% increase compared with 2021 (including NIS 30.5 million in interest from loans advanced through the P2P credit platform).

2. Key Data from the Description of the Corporation's Business

2.1. The Company's activity in Israel

- 2.1.1. During the Report Period, the Company expanded the activity of advancing credit (by way of P2P credit) in points of sales (**BNPL**), and credit advanced for the purchase of a car with a collateral, while giving preference to this type of loans over personal loans, due to among other things, risk management aspects.

¹ On December 27 2022, the local regulator approved the Company's request to suspend the license for advancing loans in Latvia through June 2023.

- 2.1.2. Furthermore, the Company entered into collaboration agreements and agreements for receipt of credit lines with Bank Hapoalim Ltd. (hereinafter - “**Bank Hapoalim**”) for the provision and management of credit at point of sale to consumers in Israel. For more information about the engagement with Bank Hapoalim, see Section 33.8 to Chapter A to the Periodic Report.
- 2.1.3. Furthermore, the Company and Bank Mizrahi-Tefahot (hereinafter - “**Bank Mizrahi**”) entered into agreements for receipt of a credit facility to be used to advance credit for the purchase of a car with a collateral. For more information about the engagement with Bank Mizrahi, see Section 33.6 to Chapter A to the Periodic Report.
- 2.1.4. In 2022, the P2P credit segment generated a profit of NIS 3.6 million, compared with a loss of NIS 4.4 million last year.
- 2.1.5. The increase in credit advanced to customers as part of the P2P credit activity amounted to NIS 406 million in the Report Period - a 91% increase compared with the corresponding period last year.
- 2.1.6. Gross accounting revenues from P2P credit, as described in the Group’s consolidated 2022 financial statements increased to NIS 21.8 million - a 96% increase compared with the corresponding period last year.
- 2.1.7. The Group’s gross (**Non-GAAP**) revenues from its P2P credit activity increased to NIS 52.3 million in 2022 (including NIS 30.5 million in interest from P2P loans) - a 62% increase compared with the corresponding period last year.

2.2. **Provision of credit in Europe**

- 2.2.1. As of the Report Date, the Group conducts credit provision activities mainly in Europe - Lithuania, Poland, and Latvia.²
- 2.2.2. The Company’s activity in Lithuania and Latvia is focused on provision of consumer credit with the key indirect distribution channels being used car dealers, credit prices comparison websites, and credit for the purchasing of products. In addition, the Company provides direct solo credit. In Poland, the Company’s activity is mainly focused in the provision of short-term business credit for the funding of the inventories of local car leasing and rental companies.
- 2.2.3. During the Reported Period, the Company took steps to obtain a banking license; had the license been awarded, the Company would have been able to provide credit through customers’ deposits received. In November 2022, LTL informed the Company that Lithuania’s central bank informed LTL that it will not award the banking license. For more information, see Section 2.1.5 to Chapter A to the Periodic Report. Considering the above, as of the Report Date the Company continues relying on credit facilities from large institutional and financial entities in order to advance credit in Europe, as described in Section 33.2 to Chapter A to the Periodic Report.
- 2.2.4. In the Report Period, the Group’s credit portfolio in Europe increased to NIS 81.2 million - a 24% increase compared with the corresponding period last year.
- 2.2.5. In the second half of the year, the Company slowed down the advancing of credit, in the anticipation of receiving the banking corporation. Despite that, in the Reported Period the amount of credit advanced to Company’s customers in Europe increased to NIS 60.1 million - a 34% increase compared with the corresponding period last year.

² As part of the streamlining steps taken by the Company during and after the Report Period in order to cut its operating expenses, the local regulator approved the Company’s request to suspend the license for advancing loans in Latvia through June 2023. It should be noted that the existing loans are repaid as required under the loans’ terms and conditions.

2.2.6. In the Report Period, the Company's revenues from its Europe activities amounted to NIS 9.2 million - a 40% increase compared with the corresponding period last year.

2.3. **Financing from the Company's controlling shareholders**

2.3.1. During the Report Period, the Company's controlling shareholders provided NIS 10 million in financing to the Company, as an advance on account of their participation in the issuance of rights described in Section 2.4 below, and a total of NIS 10 million as an entitling loan that does not bear interest.

2.3.2. For more information about the financing provided to the Company by its controlling shareholders, see immediate report of September 21, 2022 (Ref. No: 2022-01-119866), and of December 14, 2022 (Ref. No: 2022-01-151129), which are incorporated in this report by way of reference.

2.4. **Issuance of rights**

2.4.1. At the beginning of December 2022, the Company completed a NIS 12.1 million capital raising by way of issuance of rights; through the last day on which it was allowed to exercise the rights, 1,174,682 right units for the purchase of 2,349,364 ordinary shares were exercised at a price per share of NIS 5.18. Out of the total number of right units that were utilized, 1,114,844 right units to purchase 2,229,688 shares were utilized by interested parties in the Company.

2.4.2. The consideration in respect of the issuance of the shares is designed to be used by the Company to finance its operating activity and/or its R&D activity, as decided by the Company from time to time.

2.4.3. For more information about the issuance of rights, see the Company's shelf offering report of November 14, 2022 (Ref. No: 2022-01-136771), and an immediate report regarding the issuance's results of December 8, 2022 (Ref. No: 2022-01-148999), which are incorporated in this report by way of reference.

2.5. **The Russia-Ukraine war**

On February 24, 2022, the Russian army invaded Ukraine, which led to a military conflict in various areas causing casualties among civilians and damage to infrastructures, displacement of civilians and disruption to Ukraine's economic activity (hereinafter - the "War in Ukraine"). As a result of Russia's invasion of Ukraine, various countries, including the USA, the UK and the European Union countries imposed aggressive economic sanctions on Russia (and in specific cases also on Belarus).

It should be noted that the Group has no activities in the countries involved in the conflict, but bearing in mind the Group's activity in Europe and the rise in inflation and interest rates in Europe, the Group believes that its activities might be adversely affected, including ownership change, future provision and purchase of credit and increase in default levels.

2.6. The Covid-19 virus

As of the report date, the Covid-19 virus does not have a material effect on the Group's results of operations. Company's management believes that the Covid-19 crisis accelerated digitization in the credit market such that the demand for credit advanced through online platforms increased. In view of the fact that the Group operates exclusively through digital platforms, the Company believes that this digitization trend may strengthen its position, and increase the Group's share in the non-bank credit market.

The above information regarding the Company's assessment in connection with the expected effects on its activities of the military conflict between Russia and Ukraine, and the effect of the Covid-19 virus, constitutes forward-looking information, as defined in the Securities Law, which is based on external sources, internal analyses and Company estimates and assessments as of the report date, and the materialization of which is uncertain and may be different than planned, due to, among other things external factors, including changes in macro-economic factors, which are not controlled by the Group, and which may have a material effect on the Company's aforesaid assessments.

Part B - Key Operating Segments Data

3. Set forth below are data about the Company's operating segments for the year ended December 31 2022 compared to the corresponding period last year (in thousands of NIS):

	For the year ended December 31 2022:				For the year ended December 31 2021			
	P2P credit ⁽¹⁾	Credit provision ⁽²⁾	Adjustments	Total	P2P credit ⁽¹⁾	Credit provision ⁽²⁾	Adjustments	Total
Revenues								
Fees from credit activity	21,787	272	-	22,059	11,137	36 ^(*)	-	11,173
Interest income from loans to customers	30,463	8,944	(30,463)	8,944	21,176	6,518 ^(*)	(21,176)	6,518
Total gross revenue	52,250	9,216	(30,463)	31,003	32,313	6,554	(21,176)	17,691
Interest expenses relating to the loans activity	(30,463)	(5,354)	30,463	(5,354)	(21,176)	(5,013)	21,176	(5,013)
Credit losses expenses	-	(1,815)	-	(1,815)	-	(381) [*]	-	(381)
Total revenues, net	21,787	2,047	-	23,834	11,137	1,160	-	12,297
Total segment income (loss)	3,636	(7,789)	-	(4,153)	(4,429)	(3,791)	-	(8,220)
Research and development expenses	-	-	(1,846)	(1,846)	-	-	(1,595)	(1,595)
General and administrative and other expenses	-	-	(10,732)	(10,732)	-	-	(9,855) ^(*)	(9,855)
Total profit (loss) from operations	3,636	(7,789)	(12,596)	(16,749)	(4,429)	(3,791)	(11,450)	(19,670)
Adjusted EBITDA⁽³⁾	4,492	(5,111)	(10,970)	(11,589)	(3,526)	(2,960)	(9,595)	(16,081)
Balance of loans portfolio	613,451	86,607	(613,451)	86,607	393,022	60,424	(393,022)	60,424

(*) Reclassified

(1) NON-GAAP

(2) Formerly digital banking

(3) See section 8 Adjusted EBITDA

Scope of provision of loans in the different operating segments in 2022

4. Financial position

Set forth below are the statement of financial position line items in accordance with the financial statements, and the explanations to the key changes therein (in thousands of NIS):

Line item	As of December 31 2022	As of December 31 2021	Board of Directors' explanation to the changes between the periods
Cash and cash equivalents	31,533	64,928	During the reporting period, the Group entered into an agreement for the acquisition of LTL. The purchase agreement was cancelled at the end of 2022 since LTL was not awarded the banking license by the date set for that purpose in the purchase agreement. The consideration paid in respect of the purchased shares amounted to EUR 5 million; it was deposited in an escrow account - this amount was classified to the restricted cash line item. The funds deposited with the escrow account was refunded to the Group in March 2023.
Restricted cash	18,942	547	Note cash and cash equivalents line item
Receivables in respect of credit union LTL	14,655	-	In an advanced stage and as part of conditions for receiving the banking license, the central bank of Lithuania demanded from LTL to increase the equity at the required rate in accordance with the business plan it presented. For that purpose, in November 2022 the Company advanced a EUR 3.7 million loan.. The said amount was repaid to the Group in March 2023.
Other receivables	7,645	6,577	
Loans to customers, net	86,607	60,424	Increase in loans advanced, mainly as a result of the activity in Lithuania.
Intangible asset	4,860	3,041	The increase stems from a recognition of an intangible asset in respect of development costs of new technologies and platforms set up by the Company.
Right-of-use assets	3,626	3,914	No material change
Property, plant and equipment, net	1,598	1,336	No material change
Total assets	169,466	140,767	
Loans from credit providers	93,616	61,158(*)	The NIS 32 million increase is attributed to NIS 19.6 million in credit received from European institutional entities, NIS 8.9 million in loan from a controlling shareholder, and NIS 2.6 million in a bank loan.
Lease liability	3,782	3,988	No material change
Other liabilities	8,747	9,248 (*)	Decrease in liabilities to employees and institutions due to job cuts in Europe, and a decrease in the accrued expenses line item.
Total liabilities	106,145	74,394	-

Equity	63,321	66,373	A NIS 17.2 million loss recognized in the Report Period, which was mostly offset against the increase in capital due to issuance of rights (NIS 12.2 million) and an increase in capital reserve.
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5. Analysis of the operating results in accordance with the financial statements, and the explanations for the key changes in those data (in thousands of NIS):

Line item	Year ended December 31		Company's explanations to the differences between the periods
	2022	2021	
Revenues			
Fees from credit activity	22,059	11,173 (*)	Income from fees from credit activity almost doubled compared with 2021. The increase stems from a significant growth in the scope of the business activity of P2P credit during 2022 - a 56% increase in the scope of activity.
Interest income from loans to customers	8,944	6,518 (*)	Stems from growth in the scope of the Company's business activity in Lithuania.
Total gross revenue	31,003	17,691	
Credit losses expenses	(1,815)	(381)	The rate of credit losses in the Report Period is 1.6% compared with 1.5% in the corresponding period last year. The increase in the expense stemmed from: <ul style="list-style-type: none"> A. Increase in the scope of loans that have not defaulted. B. Increase in write-offs due to the sale of loans that defaulted during the Report Period. Increase in the level of the macroeconomic risk.
Interest expenses relating to the loans activity	(5,354)	(5,013)	No material change
Total revenues, net	23,834	12,297	Stems mainly from growth in the scope of BNPLer business activity in Israel and from an improvement in the loans margins in Lithuania.
Costs and expenses			
Cost of services	(10,402)	(7,296)	Most of the increase stems from payroll expenses and operating costs that support the increase of the credit activity in Israel and in Europe (activity in Latvia started in 2022).
Research and development expenses	(2,218)	(1,595)	Most of the increase arises from payroll and related expenses.
Selling and marketing expenses	(10,266)	(8,517)	A NIS 2.1 million increase stems mainly from fees to business partners due to the increase in the P2P credit activity.

Line item	Year ended December 31		Company's explanations to the differences between the periods
	2022	2021	
General and administrative expenses	(17,697)	(14,559)	The increase arises from an increase in the payroll and related expenses following the appointment of key Company officers. Furthermore, during the reporting periods, the Group invested financial resources as part of the process of obtaining a banking license and the engagement in a financing agreement with a European institution. These engagements involved significant one-off costs.
Total operating expenses	(40,583)	(31,967)	
Operating loss	(16,749)	(19,670)	
Financing expenses, net	(162)	(898)	The change stems mainly from exchange rate effects
Loss before taxes on income	(16,911)	(20,568)	
Taxes on income	(263)	(324)	No material change
Loss for the period	(17,174)	(20,892)	

(*) Reclassified

6. Adjusted EBITDA

As from the Company's 2022 financial statements, the Company opted to use the widely-used adjusted EBITDA metric, for the measurement and assessment of its financial performances.

This metric represents the net income before interest (other than financing expenses attributed to operating activities), taxes, other income (expenses) which are not part of the Company's operating activities, depreciation and amortization and share-based payments.

In the opinion of the Company, the presentation of this metric as another performance metric allows the comparison of operational performances between periods and companies, while neutralizing potential differences.

Adjusted EBITDA should not be compared to metrics with similar names reported by other companies since the calculation of those metrics may potentially vary.

Set forth below is the breakdown of the adjustments between the Company's net income (loss) and adjusted EBITDA in 2021-2022 (in NIS thousands):

	Six-month period ended December 31	
	2022	2021
Net reported loss	(17,174)	(20,892)
Depreciation and amortization	1,460	1,397
Legal expenses in respect of the settlement of a lawsuit ⁽¹⁾	301	182
Share-based payment	801	646
One-off costs in respect of banking license and credit line abroad ⁽²⁾	2,290	742
Taxes on income	263	324
Non-cash advertising expenses	308	622
Finance expenses, net, not attributed to operating activities	162	898
Adjusted EBITDA	(11,589)	(16,081)

(1) Legal expenses in respect of the settlement of a lawsuit against Psagot Investment House Ltd. For more information, see the financial statements under the commitments and contingent liabilities note.

(2) During the reporting periods, the Group invested financial resources as part of the process of obtaining a banking license; as part of this process, the Company entered into an agreement for the acquisition of LTL, among other things. The purchase agreement was cancelled at the end of 2022 since LTL was not awarded the banking license by the date set for that purpose in the purchase agreement; to date, the Company has no plan or expectation for the renewal and/or promotion of the banking license process; in May 2022, the Group entered into a financing agreement for a period of 66 months. This engagement was involved in significant one-off costs that were recognized in 2021-2022.

Set forth below is the breakdown of the adjustments between the Company's net income (loss) and adjusted EBITDA in 2022 on a six-month basis (in NIS thousands):

	Six-month period in 2022 ended on	
	7-12/2022	1-6/2022
Net reported loss	(6,930)	(10,244)
Depreciation and amortization	487	973
Legal expenses in respect of the settlement of a lawsuit ⁽¹⁾	168	134
Share-based payment	413	388
One-off costs in respect of banking license and credit line abroad ⁽²⁾	1,570	720
Taxes on income	253	10
Non-cash advertising expenses	308	-
Finance expenses, net, not attributed to operating activities	837	(675)
Adjusted EBITDA	(2,894)	(8,694)

(1) Legal expenses in respect of the settlement of a lawsuit against Psagot Investment House Ltd. For more information, see the financial statements under the commitments and contingent liabilities note.

(2) During the reporting periods, the Group invested financial resources as part of the process of obtaining a banking license; as part of this process, the Company entered into an agreement for the acquisition of LTL, among other things. The purchase agreement was cancelled at the end of 2022 since LTL was not awarded the banking license by the date set for that purpose in the purchase agreement; to date, the Company has no plan or expectation for the renewal and/or promotion of the banking license process; in May 2022, the Group entered into a financing agreement for a period of 66 months. This engagement was involved in significant one-off costs that were recognized in 2021-2022.

7. Liquidity

As of December 31, 2022 and 2021, the Company's cash and cash equivalents balance amounts to NIS 31,533 thousand and NIS 64,928 thousand, respectively. Set forth below are the key components of the cash flows and the way they were utilized:

Description of cash flows	For the year ended		Company's explanations to the differences between the periods
	2022	2021	
Cash flows used in operating activities	(21,554)	(14,510)	Negative cash flow in 2022 arising from the current loss, and an increase in loans to customers.
Cash flows used in investing activities	(36,300)	(4,091)	Negative cash flow in 2022 stems from a NIS 18,395 thousand increase in restricted cash and a NIS 14,655 thousand in respect of LTL credit union. During the reporting periods, the Group entered into an agreement for the acquisition of LTL. The purchase agreement was cancelled at the end of 2022 since LTL was not awarded the banking license by the date set for that purpose in the purchase agreement; consequently, the consideration that was paid in respect of the purchased shares and was deposited in an escrow account and the receivable balance, were fully refunded to the Company in March 2023. Furthermore, a negative cash flow has arisen due to recognition of an intangible asset at the total amount of NIS 2,759 thousand.
Cash flows provided by financing activities	24,385	73,961	In 2021, the Company completed an IPO and raised NIS 74,546 thousand in capital. In 2022, the Company raised capital by way of issuance of rights in consideration for NIS 12,130. The Company also received a shareholders' loan and a bank loan.
(Decrease) increase in cash during the year	(33,469)	55,360	

FINANCE TECHNOLOGIES LTD
SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2022



AUDITORS' REPORT

To the shareholders of

FINANCE TECHNOLOGIES LTD

We have audited the attached consolidated statement of financial position of Finance Technologies Ltd. (hereafter - the "Company") as of December 31, 2022 and the consolidated statements of profit or loss, comprehensive loss, changes in equity and cash flow for the year ended on that date. These financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audit.

The consolidated financial statements of the Company as of December 31 2021 and for each of the two years in the period ended on that date were audited by a previous independent auditor, whose report thereon, dated March 23, 2022, included an unqualified opinion.

We conducted our audit in accordance auditing standards generally accepted in Israel, including those prescribed by the Israeli Auditors (Mode of Performance) Regulations, 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Directors and by Management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion

In our opinion, the above-mentioned consolidated financial statements present fairly, in all material aspects, the financial position of the Company and its subsidiaries as of December 31, 2022, and the results of their operations, changes in equity and cash flows for the year ended on that date, in conformity with International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Preparation of Annual Financial Statements) – 2010.

Tel Aviv,
March 30 2023

Kesselman & Kesselman
Certified Public Accountants
A member firm of PricewaterhouseCoopers International Limited

FINANCE TECHNOLOGIES LTD
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of December 31	
	Note	2022	2021
		NIS in thousands	
ASSETS			
Current assets:			
Cash and cash equivalents		31,533	64,928
Restricted cash	6	18,499	139
Receivables in respect of credit union LTL	6	14,655	-
Other receivables	7	7,599	6,476
Current maturities of long-term loans to customers	5	23,823	16,501
Total current assets		96,109	88,044
Non-current assets			
Loans to customers, net	5	62,784	43,923
Property and equipment, net	8	1,598	1,336
Intangible assets	9	4,860	3,041
Right-of-use assets	18b	3,626	3,914
Other long-term receivables	7	46	101
Long-term cash restricted as to use		443	408
Total non-current assets		73,357	52,723
Total assets		169,466	140,767
Liabilities and equity			
Current liabilities			
Current maturities of loans	17	23,695	19,365 (*)
Payables in respect of service providers	10	2,377	1,182
Other payables	11	6,370	7,556 (*)
Current maturities of lease liabilities		685	528
Total current liabilities		33,127	28,631
Non-current liabilities:			
Other long-term liabilities		-	510
Long-term loans	17	69,921	41,793
Lease liability		3,097	3,460
Non-current liabilities		73,018	45,763
Total liabilities		106,145	74,394
Equity:			
	12		
Share capital		97	74
Share premium		154,146	142,040
Translation reserve		88	14
Capital reserve		23,921	22,002
Accumulated deficit		(114,924)	(97,734)
Total equity attributed to Company's shareholders		63,328	66,396
Non-controlling interest		(7)	(23)
Total equity		63,321	66,373
Total liabilities and equity		169,466	140,767

(*) Reclassified - see note 1h.

Date of approval of financial statements: March 30, 2023

**Chairman of the Board
of Directors**

**CEO and Member of
the Board of Directors**

CFO

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

FINANCE TECHNOLOGIES LTD
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Note	Year ended December 31			
	2022	2021	2020	
	NIS in thousands			
Revenues				
Fees from credit activity	22,059	11,173 ^(*)	9,588 ^(*)	
Interest income from loans to customers	8,944	6,518 ^(*)	5,159 ^(*)	
Total gross revenue	31,003	17,691	14,747	
Credit losses expenses	(1,815)	(381)	(1,191)	
Interest expenses relating to the loans activity	(5,354)	(5,013)	(3,599)	
Total revenues, net	23,834	12,297	9,957	
Costs and expenses				
Cost of services	20a	(10,402)	(7,296) ^(*)	(5,544) ^(*)
Research and development costs	20b	(2,218)	(1,595) ^(*)	(8,555) ^(*)
Selling and marketing expenses	20c	(10,266)	(8,517)	(5,020)
General and administrative expenses	20d	(17,697)	(14,559)	(14,548)
Total operating expenses		(40,583)	(31,967)	(33,667)
Operating loss		(16,749)	(19,670)	(23,710)
Financing expenses		(162)	(898)	(347)
Loss for the year before taxes on income		(16,911)	(20,568)	(24,057)
Taxes on income		(263)	(324)	(132)
Loss for the year		(17,174)	(20,892)	(24,189)
Net income (loss) attributed to non-controlling interests		16	(19)	(5)
Net loss attributed to Company's shareholders		(17,190)	(20,873)	(24,184)
Net loss		(17,174)	(20,892)	(24,189)
Net loss per share attributed to Company's shareholders -				
Basic and diluted income per share (in NIS)		2.27	2.90	4.78

* Reclassified - see note 1h.

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

FINANCE TECHNOLOGIES LTD
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Year ended December 31		
	2022	2021	2020
	NIS in thousands		
Loss for the year	<u>(17,174)</u>	<u>(20,892)</u>	<u>(24,189)</u>
Other comprehensive income (loss) items that were or will be transferred to profit and loss after initial recognition in comprehensive income			
Foreign operation translation reserve	<u>74</u>	<u>(512)</u>	<u>996</u>
Total comprehensive income (loss) for the year that was or will be transferred to profit and loss after initial recognition in comprehensive income	<u>74</u>	<u>(512)</u>	<u>996</u>
Comprehensive loss for the year	<u>(17,100)</u>	<u>(21,404)</u>	<u>(23,193)</u>
To non-controlling interest	16	(19)	(5)
To Company's shareholders	<u>(17,116)</u>	<u>(21,385)</u>	<u>(23,188)</u>
Comprehensive loss for the year	(17,100)	(21,404)	(23,193)

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

FINANCE TECHNOLOGIES LTD
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary shares	Premium	Translation reserve	Capital reserve	Accumulated deficit	Total equity attributed to Company's shareholders	Non- controlling interests	Total equity
	NIS in thousands							
Balance as of January 1 2020	50	43,673	(470)	15,002	(52,677)	5,578	1	5,579
Changes during 2020:								
Issuance of shares to the public	2	8,870	-	(6,646)	-	2,226	-	2,226
Issuance of SAFE instruments	-	13,623	-	-	-	13,623	-	13,623
Share-based payment	-	-	-	14,350	-	14,350	-	14,350
Comprehensive loss	-	-	996	-	(24,184)	(23,188)	(5)	(23,193)
Balance as of December 31 2020	52	66,166	526	22,706	(76,861)	12,589	(4)	12,585
Changes during 2021:								
Issuance of shares and option warrants to the public	17	87,590	-	16	-	87,623	-	87,623
Conversion of options into shares	2	1,907	-	(1,366)	-	543	-	543
Conversion of SAFE instruments	3	(13,623)	-	-	-	(13,620)	-	(13,620)
Share-based payment	-	-	-	646	-	646	-	646
Comprehensive loss	-	-	(512)	-	(20,873)	(21,385)	(19)	(21,404)
Balance as of December 31 2021	74	142,040	14	22,002	(97,734)	66,396	(23)	66,373
Changes during 2022:								
Share issuance	23	12,106	-	-	-	12,129	-	12,129
Share-based payment	-	-	-	800	-	800	-	800
Loan from a controlling shareholder	-	-	-	1,119	-	1,119	-	1,119
Comprehensive loss	-	-	74	-	(17,190)	(17,116)	16	(17,100)
Balance as at December 31 2022	97	154,146	88	23,921	(114,924)	63,328	(7)	63,321

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

FINANCE TECHNOLOGIES LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2022	2021	2020
	NIS in thousands		
CASH FLOW FROM OPERATING ACTIVITIES:			
Loss for the year	(17,174)	(20,892)	(24,189)
Adjustments required to reflect the cash flows used for operating activities:			
Depreciation and amortization in respect of property, plant and equipment and right-of-use assets	521	683	476
Amortization of intangibles	939	715	582
Share-based payment	800	646	14,350
Capital loss from disposal of property, plant and equipment	-	105	-
Changes in assets and liabilities:			
(Increase) decrease in other receivables	(1,068)	3,018	2,359
Increase in loans to customers	(26,183)	(24,291)	(4,163)
Increase (decrease) in accounts payable and accruals	(1,186)	2,726 ^(*)	1,836
Increase in loans payable	20,602	22,573 ^(*)	6,451
Increase in payables in respect of service providers	1,195	207	332
Net cash used in operating activities	(21,554)	(14,510)	(6,684)
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(491)	(1,315)	(91)
Increase in receivables in respect of credit union LTL	(14,655)	-	-
Increase in restricted cash	(18,395)	(467)	-
Development costs capitalized to an intangible asset	(2,759)	(2,309)	(647)
Net cash used in investing activities	(36,300)	(4,091)	(738)
Cash flows from financing activities:			
Proceeds from issuance of shares and option warrants, net	12,129	74,546	2,227
Lease liability	(209)	(541)	(414)
Repayment of a loan from banking corporations	-	(44)	-
Consideration in respect of raising of SAFE	-	-	8,623
Loans from credit providers and related parties	12,465	-	320
Net cash used in financing activities	24,385	73,961	10,756
The effects of fluctuations in exchange rates on cash and cash equivalents	74	(1,516)	65
Increase (decrease) in cash and cash equivalents	(33,469)	55,360	3,334
Balance of cash and cash equivalents at beginning of period	64,928	11,084	7,685
Balance of cash and cash equivalents at end of the period	31,533	64,928	11,084
Additional information:			
Interest proceeds	6,500	2,869	3,939
Interest payments	7,240	4,419	3,845
Tax payments	452	165	86
Non-cash operations:			
Recognition of an asset against a lease liability	191	4,092	552

(*) Reclassified - see note 1h.

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