

**PANAXIA LABS ISRAEL LTD.
(FORMERLY - HERODIUM INVESTMENT LTD.)**

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018 *)
	NIS in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	14,329	435
Restricted deposit	183	83
Trade receivables	3,710	2,735
Other accounts receivable	4,508	1,361
Inventory of finished goods and packaging materials	3,089	166
Balances with related parties	1,188	-
	27,007	4,780
NON-CURRENT ASSETS:		
Property, plant and equipment	4,882	2,043
Right-of-use assets	536	-
Intangible assets	335	400
Goodwill	364	364
	6,117	2,807
	33,124	7,587

*) Restated presentation following a reserve acquisition.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2019	2018 *)
	NIS in thousands	
LIABILITIES AND EQUITY DEFICIT		
CURRENT LIABILITIES:		
Trade payables	7,090	728
Other accounts payable	3,521	4,450
Current maturity of lease liability	218	-
Liability for acquisition of subsidiary	-	230
Loans and balances with related parties	13,174	8,920
	24,003	14,328
NON-CURRENT LIABILITIES:		
Lease liability	337	-
Deferred tax liabilities, net	-	24
	337	24
SHAREHOLDERS' (DEFICIT) EQUITY		
Share capital	-	-
Share premium	79,299	2,361
Reserve for transactions with controlling shareholders	2,391	74
Other reserves	17,637	-
Accumulated deficit	(90,543)	(9,200)
	8,784	(6,765)
	33,124	7,587

*) Restated presentation following a reverse acquisition.

March 31, 2020

Date of approval of the
Financial statements

Jonathan Kolber
Chairman

David (Dadi) Segal, PhD
CEO and Director

Gil Benyamini
CFO

PANAXIA LABS ISRAEL LTD.
(FORMERLY - HERODIUM INVESTMENT LTD.)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended December 31,		For the period from the inception date **) to 31 December,
	2019	2018 *)	2017 *)
<u>NIS in thousands (except per share data)</u>			
Revenues	16,690	4,101	231
Cost of sales	<u>18,592</u>	<u>6,091</u>	<u>1,769</u>
Gross loss	(1,902)	(1,990)	(1,538)
Selling and marketing expenses	4,694	653	61
General and administrative expenses	<u>22,406</u>	<u>4,415</u>	<u>652</u>
Operating loss	(29,002)	(7,058)	(2,251)
Finance expenses	(9,592)	(100)	(26)
Trade registration costs due to a reverse acquisition	(42,773)		
Gain from remeasurement of investment in newly consolidated investee	<u>-</u>	<u>230</u>	<u>-</u>
Loss before taxes on income	(81,367)	(6,928)	(2,277)
Tax benefit	<u>24</u>	<u>5</u>	<u>-</u>
Net loss	<u>(81,343)</u>	<u>(6,923)</u>	<u>(2,277)</u>
Total comprehensive loss	<u>(81,343)</u>	<u>(6,923)</u>	<u>(2,277)</u>
Basic and diluted net loss per share (in NIS)	<u>(0.00093)</u>	<u>(0.00008)</u>	<u>(0.00004)</u>

*) Restated presentation following a reverse acquisition.

**) The date of inception of the accounting acquirer is May 18, 2017.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve for transactions with controlling shareholders	Other reserves	Accumulated deficit	Total equity
	NIS in thousands					
Balance as of the inception date **)	-	-	-	-	-	-
Issuance of share capital	-	2,361	-	-	-	2,361
Transactions with controlling shareholders	-	-	74	-	-	74
Total comprehensive loss	-	-	-	-	(2,277)	(2,277)
Balance as of December 31, 2017 *)	-	2,361	74	-	(2,277)	158
Total comprehensive loss	-	-	-	-	(6,923)	(6,923)
Balance as of December 31, 2018 *)	-	2,361	74	-	(9,200)	(6,765)
Share-based compensation	-	-	-	13,000	-	13,000
Issuing of shares and options following a reverse acquisition	-	1,621	-	4,637	-	6,258
Reverse acquisition	-	63,838	-	-	-	63,838
Share-based compensation of the parent company	-	-	243	-	-	243
Exercise of conversion option	-	11,479	-	-	-	11,479
Transactions with controlling shareholders	-	-	2,074	-	-	2,074
Total comprehensive loss	-	-	-	-	(81,343)	(81,343)
	-	79,299	2,391	17,637	(90,543)	8,784

*) Restated presentation following a reverse acquisition.

***) The date of inception of the accounting acquirer is May 18, 2017.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		For the period from the inception date **) to 31 December,
	2019	2018 *)	2017 *)
	NIS in thousands		
<u>Cash flows from operating activities:</u>			
Net loss	(81,343)	(6,923)	(2,277)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Transactions with controlling shareholders	2,063	-	74
Share-based compensation	13,000	-	-
Share-based compensation of the parent company	243	-	-
Trade registration costs due to a reverse acquisition	35,967	-	-
Issuing of shares and options following a reverse acquisition	6,259	-	-
Revaluation of conversion option	8,815	-	-
Finance expenses, net	175	-	-
Depreciation and amortization	792	348	98
Gain from remeasurement of investment in newly consolidated investee	-	(230)	-
Tax benefit	(24)	(5)	-
	<u>67,290</u>	<u>113</u>	<u>172</u>
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(975)	(2,060)	(427)
Decrease (increase) in other accounts receivable	(2,925)	622	(469)
Decrease (increase) in inventory	(2,922)	68	(234)
Increase in trade payables	6,312	269	375
Increase (decrease) in other accounts payable	(1,282)	1,128	316
Increase in loans and balances with related parties, net	3,981	2,503	525
	<u>(975)</u>	<u>(2,060)</u>	<u>(427)</u>
	<u>2,189</u>	<u>2,530</u>	<u>86</u>
Cash paid during the year for:			
Interest paid	175	-	-
	<u>175</u>	<u>-</u>	<u>-</u>
Net cash used in operating activities	<u>(12,039)</u>	<u>(4,280)</u>	<u>(2,019)</u>

*) Restated presentation following a reverse acquisition.

**) The date of inception of the accounting acquirer is May 18, 2017.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		For the period from the inception date **) to 31 December, 2017 *)
	2019	2018 *)	2017 *)
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Purchase of property, plant and equipment	(3,345)	(513)	(1,870)
Placement of restricted bank deposit	(100)	(83)	-
Acquisition of newly consolidated subsidiary (a)	-	495	-
Liability for acquisition of subsidiary	(230)	-	-
	<u>(3,675)</u>	<u>(101)</u>	<u>(1,870)</u>
<u>Cash flows from financing activities:</u>			
Issuance of shares (after deduction of issue expenses)	-	-	3
Repayment of lease liability	(202)	-	-
Issue of preferred shares	-	-	2,358
Cash provided by a reverse acquisition (b)	28,051	-	-
Change in loans and balances with financing related parties	1,759	3,982	2,362
	<u>29,608</u>	<u>3,982</u>	<u>4,723</u>
Increase (decrease) in cash and cash equivalents	13,894	(399)	834
Cash and cash equivalents at the beginning of the period	435	834	-
	<u>14,329</u>	<u>435</u>	<u>834</u>

*) Restated presentation following a reverse acquisition.

**) The date of inception of the accounting acquirer is May 18, 2017.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		For the period from the inception date **) to 31 December, 2017 *)
	2019	2018 *)	2017 *)
	NIS in thousands		
(a) <u>Acquisition of newly consolidated subsidiaries:</u>			
The subsidiaries' assets and liabilities at acquisition date:			
Working capital deficit (excluding cash and cash equivalents)	-	(876)	-
Property, plant and equipment	-	84	-
Intangible assets	-	422	-
Goodwill created in acquisition	-	364	-
Deferred tax liability, net	-	(29)	-
Liability for acquisition of subsidiary	-	(230)	-
Gain from remeasurement of investment in newly consolidated investee	-	(230)	-
	-	(495)	-
(b) Cash provided by a reverse acquisition			
Working capital (excluding cash)	180	-	-
Effect of a reverse acquisition on the books	63,838	-	-
Trade registration costs due to a reverse acquisition	(35,967)	-	-
	28,051	-	-
(c) <u>Significant non-cash activities:</u>			
Recognition of the right-of-use assets against a lease liability	757	-	-

*) Restated presentation following a reverse acquisition.

**) The date of inception of the accounting acquirer is May 18, 2017.