

Sivota Plc
Annual Report and Financial Statements
For the year ended 31 December 2022

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Sivota Plc

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Sivota Plc
Company Information
For the year ended 31 December 2022

Directors

Tim Weller – Non-Executive Chairman
Ziv Ben-Barouch – CEO
Neil Jones – Non-Executive Director, Secretary

Registered Office

New London House,
172 Drury Lane
London, England
WCB 5QR

Auditors

Crowe UK LLP
55 Ludgate Hill
London, England
EC4M 7JW

Register

Computershare Investor Services
PLC
The Pavilions
Bridgwater Rd
Bristol
BS13 8AE

Financial Adviser & Broker

Canaccord Genuity Limited
88 Wood Street
London, England
EC2V 7QR

Sivota Plc

Chief Executive Officer's report for the year ended 31 December 2022

Dear Shareholders,

I am pleased to present the annual report of Sivota Plc for the year ended 31 December 2022.

Sivota was established to acquire controlling interests in a diverse range of businesses operating or founded in Israel, with a focus on across the technology sector.

In May 2022, the Company successfully completed its first major transaction with the acquisition of a majority stake in Apester, an innovative Israeli business that provides digital experience software platforms to brands, publishers, and creators to enable them to publish and monetise interactive digital experiences on their sites and apps.

The acquisition agreement provided the Company with preferred seed shares in Apester's capital for a total price of \$12.0 million, representing 57.5% of the company's voting rights. In addition, the Company entered into convertible loan assignment agreements with lenders to Apester, resulting in an assignment of \$1.7 million in convertible loans, including accrued interest. The preferred seed shares resulting from this conversion represent approximately 7.1% of Apester's share capital.

The cash consideration for the acquisition was funded through a gross placing and direct subscription of 11,500,000 new ordinary shares of Sivota at one pence each, totalling \$14.2 million. In September 2022, the Company successfully completed its readmission to the London Stock Exchange.

Since the acquisition, the Company has been active implementing various strategic and operational changes within Apester. This includes appointing a new CEO, board members and key executives. These changes reflect the Company's commitment to driving growth and enhancing value for its stakeholders.

Additionally, Apester has achieved several significant operational developments including the appointment of a new Chief Technology Officer to lead its technology strategy, ensuring it remains at the forefront of the industry.

In line with its growth strategy, Apester has signed a cooperation agreement with iDigital, a leading media agency in Brazil, to drive expansion in the Brazilian media market. In addition, Apester has signed several agreements with prominent US and UK publishers, which are set to launch in the first half of 2023.

Furthermore, Apester has completed integration with Permutive, a privacy-safe infrastructure that helps publishers and advertisers reach their target audiences. This integration represents a critical step in leveraging Apester's data capabilities, in keeping with the market trend of collecting and

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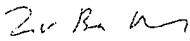
Chief Executive Officer's report for the year ended 31 December 2022

utilising 1st party data as a substitute for 3rd party platform cookies, such as Google and iOs. Lastly, Apester completed a collaboration with global publisher ReedPop's ENGAGE platform, to leverage Apester's unique data capabilities for first-party data.

Financially, Apester has demonstrated strong progress in Q4 2022. Apester's revenues have grown while losses have been reduced, as management closed deals with new customers and improved the optimisation of yields on its media assets. These positive results are a testament to the effectiveness and focus of the new management team and their strategic plan. Moving forward into 2023, we anticipate continued progress and expansion in Apester's business.

Moreover, Sivota remains well-positioned to capitalise on new and attractive investment opportunities within the Israeli tech marketplace. Although, we remain cognisant of the heightened risk in tech markets in general and the Company's target market.

I would like to extend my gratitude to the board, management, and Apester's team for their diligent efforts, as well as to our shareholders for their ongoing trust and support. We remain committed to delivering value and growth, and I look forward to providing you with further updates on our progress in the coming year.

Ziv Ben-Barouch, 

Chief Executive Officer

28 April 2023

Sivota Plc

Strategic report for the year ended 31 December 2022

The Directors present the Strategic Report of Sivota ("the Company") for the year ended 31 December 2022.

The Group's business strategy and execution

Israeli Technology

Israel boasts one of the most entrepreneurial and multi-cultural workforces in the world, producing technologies, innovations, and research adopted around the globe and across various sectors. Its competitive edge is due to its informal, but effective, get-down-to-business culture, exceptional ingenuity and entrepreneurial spirit. Recent decades have witnessed a flourishing of Israeli hi-tech that is expressed by the widespread activity of multinational corporations, innovative start-up companies, and Israeli growth companies.

Israel is well-known for being the source of many modern innovations that now characterise daily life across the world, such as instant messaging, firewalls, disk-on-keys and innovations in such fields as agriculture, digital health, fintech, and cybersecurity. Israel came in 7th on Bloomberg's list of the World's Most Innovative Countries for 2021, ahead of the US (10th place).

In 2019 Israel was ranked 1st in venture capital investments per capita with over \$410 raised, followed by the US, with \$282ⁱ. The high percentage of capital from foreign investors (estimated at 85%) indicates the power of the local market and its excellent reputation. Furthermore, investor interest in later rounds and in later-stage companies is becoming more and more prominent as the risks associated with such companies (as opposed to start-up entities) are generally considered to be more ascertainable.

Israel's high-tech funding in 2022 amounted to \$15 billion invested across 663 dealsⁱⁱ.

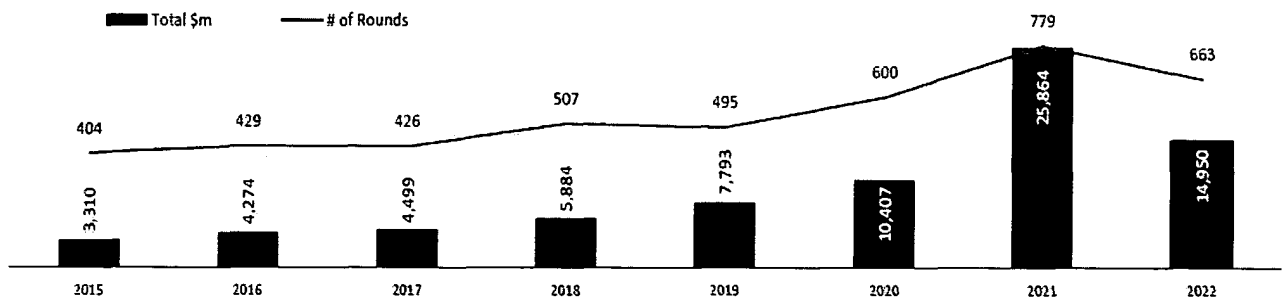
ⁱ <https://www.statista.com/statistics/1071105/value-of-investments-by-venture-capital-worldwide-by-key-market/>

ⁱⁱ https://www.ivc-online.com/LinkClick.aspx?fileticket=H1_uQBYFEkg%3d&portalid=0×tamp=1673356983470

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Strategic report for the year ended 31 December 2022

► Israeli High-Tech Investments 2015 - 2022



The source - https://www.ivc-online.com/LinkClick.aspx?fileticket=H1_uQBYFEkg%3d&portalid=0×tamp=1673356983470

Foreign investment into the Israeli technology sector

Israeli tech companies have raised \$74 billion since 2015 with the majority of that capital (73%) deployed by foreign investors. In 2022, foreign investors invested in Israeli tech companies a total of \$10.9 billion, 74% of the total raised funds.

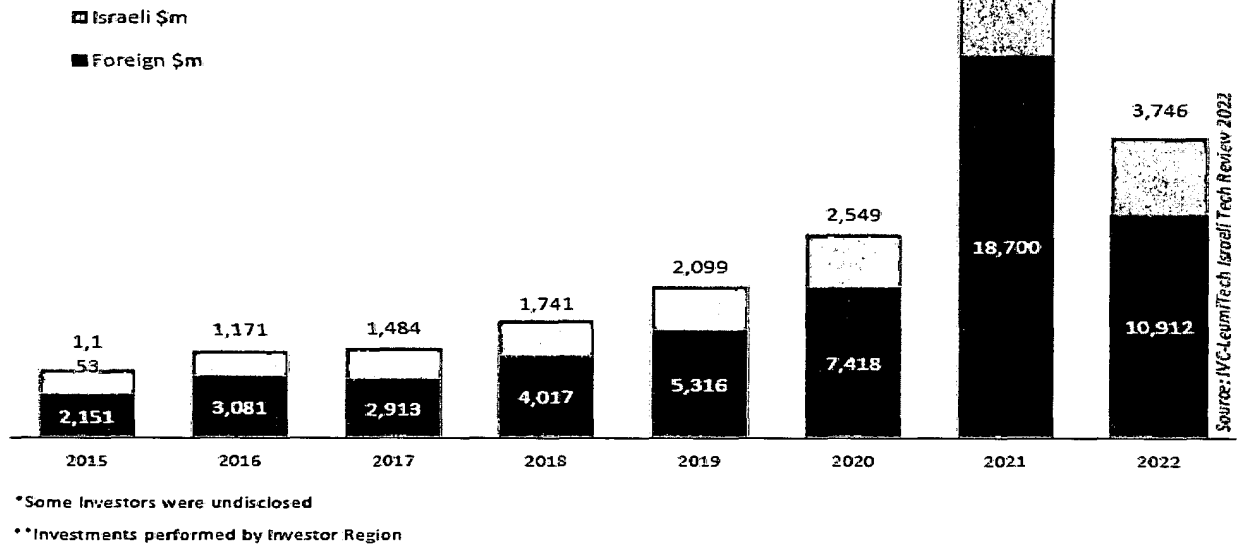
The majority of these non-Israeli financial investors are predominantly from the United States who, in leveraging well-established US-Israeli connections, have made numerous investments into the Israeli technology market, with a considerable degree of success. However, European/UK investors have had less exposure and have not necessarily had the right connections to participate in this segment to this date.

The Company seeks to bridge that gap by using the experience, connections and local knowhow of the Directors, in particular that of the CEO.

Sivota Plc

Strategic report for the year ended 31 December 2022

► Israeli vs. Foreign Investments \$m 2015 - 2022



The source - https://www.ivc-online.com/LinkClick.aspx?fileticket=H1_uQBYFEkg%3d&portalid=0×tamp=1673356983470

Market Opportunities

The large number of innovative, later stage, tech companies present in Israel offers foreign investors a broad selection of investment opportunities. In addition, there may be opportunities to acquire controlling stakes in companies that have not taken advantage of technology that could help transition a traditional business model to drive further growth. In particular, the Directors believe that sectors such as logistics, retail and finance which predominantly remain offline businesses in Israel could produce potential target companies which could greatly benefit from Sivota's approach and ability to introduce them to potential technology solutions.

There may also be opportunities to acquire a controlling interest in non-Israeli founded or related companies that are seeking to benefit from the technology solutions that Sivota may be able to offer. The Directors will consider such opportunities on a case-by-case basis and Investors should note that the Company may therefore acquire controlling stakes in businesses which are not non-Israeli founded or related.

Sivota Plc

Strategic report for the year ended 31 December 2022

The Company believes there will be an opportunity to invest in businesses that have stalled in a challenging financial situation, however, that under new leadership and strategic plan can rebuild their valuation. The Directors also expect to see an increase in M&A activities, mainly by companies looking to acquire competitors to increase their market share, create economies of scale or add new products and services to their existing offerings.

It is considered by the Board that the new landscape created by the COVID-19 pandemic and followed by the war in Ukraine will create a number of investment opportunities.

Acquisition Targets, Sourcing and Execution

Sivota, through the Directors, has a strong local presence and a significant business network in Israel. The Company believes these networks, relationships, and partnerships are all essential for identifying future investments and developing a robust investment pipeline.

The Company looks to acquire companies with strong fundamentals that the Directors believe will reward Investors over time. The general investment strategy is to acquire controlling stakes in underperforming, later stage Israeli-related technology companies to ensure fast, ambitious and sustainable scale. The Directors intend to function as a key partner to the target companies during both the acquisition process, and in the implementation of the growth plan post-acquisition.

Although the Company evaluates a range of technology companies, a particular areas of focus is in relation to companies already involved in data (artificial intelligence, machine learning, Big Data), digital marketing, and eCommerce.

The Directors believe that they have a competitive advantage in the Israeli market, both in terms of deal flow and the ability to overcome the culture gap which foreign investors can face while working with Israeli founders and management teams.

Sivota's strategy is to seek investment opportunities in companies which have most, if not all, of the following attributes:

- later stage of growth;
- organic and/or external growth potential;
- unique technology;
- Israeli-related/founded companies;
- international exposure/potential; and
- target opportunities where management execution and a focused strategy will deliver significant valuation uplift.

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Strategic report for the year ended 31 December 2022

Turning around an underperforming company and regaining the trust of every stakeholder is a job that requires decisive action. In order to achieve this, Sivota will roll out a methodology based on enhanced transparency and involvement within each target company. Sivota starts with the preparation of an objective and uncompromising diagnostic plan (which will be capable of being amended from time to time to take into account any changing circumstances). This strategic, operational and financial diagnostic is the basis of the turnaround plan, which sets the goals and changes required to be executed in order to achieve these goals.

Any company in which Sivota acquires controlling stakes will regularly communicate the progress of its turnaround to all its stakeholders.

In putting the diagnostic plan into practice, Sivota seeks to:

- build a growth plan with the Company's management to leverage opportunity, securing the financing of investments
- communicate the strategy, plan and its progress on a regular and clear basis
- be thorough with its analysis and due diligence, and present a pragmatic approach to the implementation
- implement the plan with transparency including engaging in discussions with employee representatives
- help to grow the organisational culture through leadership

The Directors all have hands-on operational as well as investment and M&A experience in various jurisdictions, having worked for small and medium-sized businesses, both as managers and as owners. The management team has therefore experienced the financial and operational issues frequently encountered by companies, and knows where to go and how to find, clear unbiased advice for specific business needs.

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Strategic report for the year ended 31 December 2022 (continued)

Strategy execution during 2022

In May 2022, Sivota has completed its first acquisition, being a majority stake 57.5% in Apester Ltd, a digital marketing engagement platform. Since the acquisition, Sivota has been implementing strategic and operational changes within Apester.

Apester's strategy

Overview

Apester is an innovative digital experience software platform that enables brands, publishers and e-commerce businesses to create and distribute interactive digital experiences and collect the resultant first party data to better understand their customers and accelerate their business performance.

Apester provides enterprises with interactive engagement with customers. Apester's software platform enables a number of engagement tools, including customer surveys, mobile dynamic landing pages, onboarding forms, interactive videos, stories, polls and quizzes. Apester allows publishers and brands to create an authentic, visual, interactive experience to engage with their customers.

Apester's technology optimises customer experiences and applications to ensure compatibility with a number of digital media platforms, allowing customers to publish engaging experiences and distribute them across multiple digital assets in a consistent format.

Apester's platform also includes a Data Management layer that allows customers to collect, store and 'own' Zero-Party and First-Party engagement data generated from experiences and applications created by Apester. AI-driven analytics deliver valuable insight into customer segmentations - trends, sentiments and preferences, empowering brands and publishers to personalise their offering, target their messaging, and convert engagement into sales.

Apester's customers include businesses such as NBC, Kicker, RTL, NME and Reedpop.

Market positioning

Apester's consolidated, all-inclusive, digital engagement platform provides a genuine 'one-stop shop' for brands and publishers supporting mobile and desktop on web and social platforms carries its offering with a streamlined creation, distribution and analysis benefiting its customers with community engagement growth and audience segmentation at a granular level with the information provided by actual users' indications and actions.

Sivota Plc

Strategic report for the year ended 31 December 2022 (continued)

Customers who have implemented Apester's engagement solutions either on desktop or mobile reported significantly improved engagement of their users, measured through multiple KPIs such as time on site, click-through rate (CTR), registrations, deposits and more.

Apester believes that its platform has a competitive technological advantage. Apester's DMP allows its customers to collect, store and 'own' Zero-Party and First-Party engagement data which is generated from experiences and applications created on Apester. This gives Apester's customers' valuable insights into customer segmentations such as trends, sentiment and preferences, empowering brands and publishers to engage audiences in scale with a personalised offering, target their messaging, and convert engagement into sales.

In summary, the Company believes that Apester's platform is a simple, cost-effective and scalable technology, built for the next phase of digital business. Code free, it allows untrained users to create interactive experiences in a matter of minutes through Apester Studio. This personalised content can then be distributed across multiple digital media channels, at scale and through a single cloud-based, self-serve platform, and later gather data and analyse to improve performance.

Revenue Model

Apester operates a blended SaaS and Performance revenue model based on subscription fees, usage, self-serve and pre-packaged models. Apester also operates revenue share models allowing Apester to grow with its top-tier publishers, applying its own media management and yield optimisation capabilities.

Market overview

Apester operates within the digital experience platform market, which is expected to grow at a CAGR of c. 13.4%ⁱⁱⁱ per annum to reach \$43 billion by 2028. Apester aims to increase its market share and therefore has the potential to deliver very high growth rates from the \$9.1 million of revenue generated in 2022.

The COVID-19 pandemic has undoubtedly accelerated digital transformation globally, and the digital experience market is no exception. Online businesses continue to seek out tools that improve their customer experience whilst increasing engagement and delivering meaningful ROI. In addition, with greater emphasis on consumer privacy and the growing momentum for greater

ⁱⁱⁱ<https://www.prnewswire.com/news-releases/digital-experience-platform-market-size-worth-43-43-billion-globally-by-2028-at-13-4-cagr-verified-market-research-301432876.html>

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Strategic report for the year ended 31 December 2022 (continued)

levels of compliance, the Company believes that Apester's ability to generate First-Party data has never been more critical in the marketplace.

The promise of data

In the post-cookie era, where 3rd party data is less available, the advertising world will have to find a new source for reliable targeting and personalisation. Enter First-party data that puts publishers and App owners back in control. IAB reports that around 50% of the 3rd party signal fidelity is lost, mainly on iOS but also Android and Web platforms^{iv}. This is a major driver for Apester sales these days and it has announced key partnerships in the data space recently.

Growth strategy

Online customer engagement is now a necessity for brands and publishers in what is a highly crowded digital space. Generating high-quality and sustained customer interaction across the customer journey is central to driving performance and ensuring enterprises remain competitive. Apester's end-to-end platform facilitates conversational marketing, providing an open stream of communication between customers and marketers that results in brand uplift and higher conversion rates.

Apester's strategy is to focus on publishers and the e-commerce sector, which is looking to engage its customers in a competitive marketplace. Apester's platform enables businesses to better engage with their audience simultaneously via different platforms, creating an improved experience for customers. Apester's platform further enables businesses to analyse engagement and performance for business optimisation.

In order to accelerate growth in this sector, Apester plans to invest in the following areas:

- continued development of the platform so that it becomes the leading first-party data platform, for collection and analysis of customer insights and preferences in a compliant and regulated manner;
- focusing on publishers, brands and the performance marketing sector, identifying businesses that could benefit from Apester's engagement capabilities. Branded campaigns are a leading use case for the platform as well as lead generation for online businesses.

An important technological competitive advantage is Apester's data layer which allows customers to collect, store, and 'own' Zero-Party and First-Party engagement data generated from

^{iv} <https://www.iab.com/insights/state-of-data-2022/>

Sivota Plc

Strategic report for the year ended 31 December 2022 (continued)

experiences and applications created on Apester. This highly benefits Apester's customers and offers valuable insights into customer segmentations such as trends, sentiment and preferences,

empowering brands and publishers to personalise their offering, target their messaging, and convert engagement into sales. Apester's data capabilities are a key competitive factor, allowing customers to use publishers' own data without any reliance on cookies, which is in accordance with the latest evolution of online data collection methods and privacy regulations.

Apester plans to continue developing these capabilities to integrate with complementary data collection tools and CRMs which will provide customers a full suite of data and CRM capabilities that will provide Apester's customers with tools for improving their performance and enabling them to better interact with their own customers.

Apester's strategy is to focus on the publishers and performance marketing sectors, while enabling brands to run effective campaigns on its platform. Apester's platform also enables e-commerce businesses to better engage with their audience simultaneously via different platforms, creating an improved experience for customers.

Key performance indicators (KPIs)

At this stage in its development, the Group is focusing on financing and operating KPI's.

Funding

In May 2022, the Company raised \$14.2 million (gross) through placing and direct subscription of 11,500,000 new ordinary shares of Sivota of one pence each. In September 2022 the Company completed its readmission to the London Stock Exchange.

Revenues and Expenditure

During the period from the Apester acquisition in May 2022 to 31 December 2022 the Group generated revenue of \$5.9 million, with gross profit of \$1.6 million.

The Group had a loss before tax of \$5.1 million for the year ended December 2022, when Apester's financial results are included from the date of its Acquisition.

Liquidity, cash and cash equivalents

At 31 December 2022 the Group had a cash balance of \$4.4 million and a debt of \$1.4 million.

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Strategic report for the year ended 31 December 2022 (continued)

Apester

Apester's management team is mainly focusing on gross margin and monthly EBITDA at this stage of its development.

Gross margin

Given the indirect operational expenses are relatively not variable during short periods of time, the management uses gross margin indicator to maximise the profitability of the Company.

EBITDA

The management regularly reviews the EBITDA of Apester with the goal to minimise operating costs when possible and prudently manage its cash resources.

Employees

With the exception of the Directors, the Group has 30 employees.

All current members of the Board, including the Chief Executive Office, are key managers. For more information about the Company's directors see the director's remuneration report and Note 10 to the financial statements. For more information about key management personnel other than directors of the Company see Note 11 to the financial statements.

The average number of persons of each sex who were directors and employees of the Group during the reported period:

	Male	Female	Total
Directors of the Company	3	-	3
Other key management personnel, other than directors of the Company	1	1	2
Other employees of the Group	13	15	28

Social, Community and Human Rights Issues

The Group is still at an early stage of development and further consideration will need to be given to social, community and human rights issues affecting its business.

Sivota Plc

Strategic report for the year ended 31 December 2022 (continued)

Principal risks and uncertainties and risk management

The Group operates in an uncertain environment and is subject to a number of risk factors. The Directors have carried out an assessment of the principal risks facing the Group, including those that threaten its business model, future performance, solvency or liquidity.

The Group continues to monitor the principal risks and uncertainties to ensure that any emerging risks are identified, managed, and mitigated.

Keeping pace with technological developments

Apester's ability to attract new customers and increase revenue from existing customers largely depends on its ability to enhance and improve its existing solutions and introduce compelling new technology products. The success of any enhancement to its solutions depends on several factors, including timely completion and delivery, competitive pricing, adequate quality testing, integration with other technologies and the Apester platform, and overall market acceptance. Apester seeks to mitigate this risk by continuing to improve its solutions and products.

Concentration of key clients

Apester has significant contracts and relationships with a number of key customers. Although the Company knows of no reason why such contracts should be terminated or will not be renewed on the same or more favorable terms, the Directors cannot guarantee such relevant parties' commercial position or market conditions will not alter their position. Should any of these contracts be terminated or not be renewed, it could have a material adverse effect on the financial position and future prospects of the Group. Apester seeks to mitigate this risk by increasing the number of customers.

Changes to the digital advertising landscape

Apester's current revenues are derived partly from revenue sharing agreements for advertising space sold through its platform. Such revenues are dependent on the worldwide demand and ask prices for advertising, which are mainly controlled by large market participants, such as search engines. If a search engine decides to reduce its pricing or demand for advertising space is depressed, this will adversely affect Apester's revenues.

Funding

Although the Directors have confidence in the future revenue earning potential of the Group from its interests in Apester, there can be no certainty that the Group will achieve or sustain profitability or positive cash flow from its operating activities. If Apester does not meet its targets the Group may not be able to obtain additional external financing. The board regularly reviews the revenues, KPIs and expenditures of Apester and continues to prudently manage its cash resources and has minimised ongoing operating costs.

Sivota Plc

Strategic report for the year ended 31 December 2022 (continued)

Additionally, if the Group intends to acquire further businesses the Company will likely need to raise further funds.

Difficulties in acquiring suitable targets

The Company's strategy and future success are dependent to a significant extent on its ability to identify sufficient suitable acquisition opportunities and to execute these transactions on terms consistent with the Company's strategy. If the Company cannot identify suitable acquisitions, or execute any such transactions successfully, this will have an adverse effect on its financial and operational performance.

Security, political and economic instability in Israel and the Middle East

Apester is incorporated under the laws of the State of Israel, and its principal offices and research and development facilities are located in Israel. In addition, Sivota seeks additional target companies based in Israel. Therefore, security, political and economic conditions in the Middle East, particularly in Israel, may affect Group's business directly.

Taxation

The Group will be subject to taxation in several different jurisdictions, and adverse changes to the taxation laws of such jurisdictions could have an adverse effect on its profitability.



Tim Weller

Non-Executive Chairman

28 April 2023

Sivota Plc

Directors' report for the year ended 31 December 2022

The Directors submit their report with the audited Financial Statements for the year ended 31 December 2022.

General information

Sivota ("the Company"), was incorporated as a public Limited Company under the laws of England and Wales with registered number 12897590 on 22 September 2020.

Sivota was established in order to acquire controlling stakes and then act as a holding company for various target businesses operating or founded in Israel, predominantly in the technology sector

In July 2021 the Company completed a placing of 1,085,000 ordinary shares for a consideration of a \$1.4 million (gross) and was listed on the Main Market (Standard Segment) of the LSE.

In May 2022 the Company completed the Acquisition of a majority stake in Apester, an Israeli-incorporated business which operates an innovative digital experience software platform that enables brands, publishers and creators to publish and monetise new interactive digital experiences on their sites and apps.

In May 2022 the Company completed the fundraising by placing and direct subscription of 11,500,000 of its new ordinary shares for a consideration of \$14.2 million (gross).

In September 2022 the Company completed its readmission to the London Stock Exchange.

Since Apester's acquisition, the Company has been implementing a number of strategic and operational changes within Apester, including the appointment of a new CEO, new board members and key executives. The directors believe the new management team will lead the business to fully exploit a number of near-term growth initiatives.

The Company continues to seek additional investment opportunities. The directors believe with the border macroeconomic environment weakening, seed investment will become harder to source, creating more opportunities for the Company's team.

Results for the year and distributions

The Group results are set out in the Statement of Comprehensive Income.

Since the completion of the Acquisition in May 2022, the Group generated revenues of \$5.9 million, with a gross profit of \$1.6 million.

Sivota Plc

Directors' report for the year ended 31 December 2022 (continued)

The total comprehensive loss for the year 2022 was \$5.1 million, including Apester's loss from the completion of the Acquisition in May 2022.

The Board regularly reviews the revenues, KPIs and expenditures of the Group and continues to prudently manage its cash resources and to minimise its ongoing operating costs.

The Company paid no distribution or dividends during the period.

The Board of Directors

Active directors:

The Directors who held office during the financial year and to the reporting date, together with details of their interest in the shares of the Company at the reporting date were:

	Number of Ordinary Shares	Percentage of Ordinary shares
Tim Weller – Non-Executive Chairman	400,000	3.18%
Ziv Ben-Barouch – CEO	531,396	4.22%
Neil Jones – Non-Executive Director	17,100	0.14%

Tim Weller – Non-Executive Chairman

Tim Weller is a successful entrepreneur. He is the founder of Incisive Media and was Chairman until its successful sale to EagleTree Private Equity in March 2022. He successfully floated Incisive on the Main Market of the London Stock Exchange in 2000. In 2006 he led the £275 million management buyout which took the company private again. Tim has more than 15 years' experience chairing and investing in public and private equity backed businesses. He was Non-Executive Director and Chairman of RDF Media from 2005-2010 and was also Non-Executive Chairman of Polestar from 2009-2011 until its sale to Sun European Partners LLP. Tim was Independent Non-Executive Director and Chairman of Tremor International between 2014 and August 2020. He was Chairman of TI Media, one of the largest consumer magazine and digital publishers in the UK from April 2019 to May 2020 following its sale to Future Plc. He is also Chairman of Trustpilot, a leading provider of trusted company reviews and led its \$1.4 billion IPO in March 2021. Tim was Chairman of Superawesome, a leading technology company that powers the global kids' digital media ecosystem until its sale to Epic Games in September 2020. Mr Weller was a member of the Shadow Cabinet New Enterprise Council, which advised the then Shadow Chancellor of the Exchequer, George Osborne, on business and enterprise prior to the 2010 General Election, and was voted Ernst & Young

Sivota Plc

Directors' report for the year ended 31 December 2022 (continued)

Entrepreneur of the Year – London in 2001. In 2005, he received the publishing industry's top honour – the Marcus Morris award.

Ziv Ben-Barouch – CEO

Ziv Ben-Barouch is an experienced operator and leader with decades of experience in finance and investments within technology companies. He has a proven track record of leading corporate turnarounds, M&A, IPOs, and strategically guiding companies as they build their business. Ziv is the co-founder and managing partner of Pereg Ventures, a US-Israeli Venture Capital Firm focused on B2B data companies which is backed by investments from Nielsen, a world leader in marketing intelligence, the Tata Group, and other leading financial institutions. At Pereg, Ziv has led and participated in the direct investment of 13 early stage technology companies that have raised in combined excess of \$250M in follow-on investments from leading investors and led on the disposal of two portfolio companies to NYSE listed counterparties. Prior to founding Pereg, he was Senior Principal and CFO at Viola, a technology-focused investment group with over \$3 billion in assets under management. Before joining Viola, Ziv was the CFO of SpaceNet Inc, a specialty telecommunications company providing managed network solutions by satellite and terrestrial technologies for business, government and residential users in North America. He led SpaceNet's turnaround and participated in SpaceNet's parent company's \$70 million NASDAQ listing. Ziv has key relationships with Israeli and international investment firms in the technology space which he will be able to leverage to assist Sivota. Ziv is an Israeli Certified Public Accountant.

Neil Jones - Non-Executive Director

Neil has held Board positions in UK multi-national public & private companies for over 20 years. He has a deep understanding of the UK Corporate Governance code and Board procedures from these and other NED positions. He is currently Group Corporate Development Director at Inizio an international healthcare and communications group formed by the combination of Huntsworth PLC and UDG PLC both of which were taken private by Private Equity Group Clayton, Dubilier & Rice in 2020 & 2021, having previously held the position of COO & CFO at Huntsworth since February 2016. Prior to Huntsworth he was CFO of ITE Group plc (Now Hyve plc), a FTSE listed international organiser of exhibitions and conferences and before that he was Group Finance Director of Tarsus Group plc, another international trade exhibition organiser. He is also the Senior Independent Director of Tremor International, a dual listed (Nasdaq & AIM) Ad-Tech company. Neil is a member of the ICAEW, qualifying with PWC in 1990.

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Directors' report for the year ended 31 December 2022 (continued)

Policy for new appointments and amendments to articles

Without prejudice to the power of the Company to appoint any person to be a Director pursuant to the Articles the Board shall have power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy or as an addition to the existing Board, but the total number of Directors shall not exceed any maximum number fixed in accordance with the Articles. Pursuant to the Companies Act 2006, the Company may amend its Articles of Association via special resolution, achieved by way of a vote at a General Meeting of the shareholders.

Share capital and substantial shareholders

The issued share capital of the Company consists of 12,585,000 ordinary shares and 4,950,000 deferred shares. The ordinary shares carry one vote per ordinary share and each ordinary share carries an equal right to dividends declared on the ordinary shares. The ordinary shares have equal voting rights and rank pari-passu for the distribution of dividends and repayment of capital. The deferred shares carry no voting rights, no rights to dividends and on a return of capital are only entitled to a return once a sum of £1,000,000 has been paid on each ordinary share. Further details of the Company's share capital are given in Note 18 to the financial statements

As far as the Company is aware, there are no agreements between holders of securities that may restrict the transfer of securities or voting rights however the Board may, in its absolute discretion, refuse to register any transfer of a share in certificated form only in certain circumstances which do not prohibit the transfer of a single class of share which is fully paid up.

No single person directly or indirectly, individually or collectively, exercises control over the Company and the Company has not issued any class of share carrying special rights regarding control of the Company.

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Directors' report for the year ended 31 December 2022 (continued)

The Directors are aware of the following persons, who had an interest in 3% or more of the issued ordinary share capital of the Company as at 28 April 2023:

Shareholder	Number of Ordinary Shares	Percentage of ordinary shares
Prytek Investment Holdings Pte Ltd	1,787,950	14.21%
Ophir Yahalom	1,670,020	13.27%
Ronen Kirsh	1,418,728	11.27%
Schroders Investment Management Ltd	1,247,750	9.91%
Trico Fuchs Ltd	1,213,392	9.64%
Ehud Levy	1,023,167	8.13%
Hagai Tal	606,207	4.82%
Ziv Ben-Barouch	531,396	4.22%
Herald Investment Management	500,000	3.97%
Tim Weller	400,000	3.18%

Financial risk management

The Group's principal financial instruments comprise mainly cash, trade receivables, trade and other payables and convertible loans. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign exchange risk. The board reviews and agrees on policies for managing each of these risks and they are summarised below.

Credit risk

The Group usually extends 30-60-day term to its customers. The Group regularly monitors the credit extended to its customers and their general financial condition but does not require collateral as security for these receivables. Given the payment history of the Group's customers, the risk is not material.

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Directors' report for the year ended 31 December 2022 (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash reserves to fund the Group's operating activities. Management prepares and monitors forecasts of the Group's cash flows and cash balances monthly and ensures the Group maintains sufficient liquid funds to meet its expected future liabilities.

Foreign exchange risk

The Group operates in a number of overseas jurisdictions and carries out transactions in a number of currencies. Part of the Group's revenues is received in GBP, EURO and in New Israeli Shekels ("NIS"). A significant portion of the Group's expenses is paid NIS and GBP. Therefore, the Group is exposed to fluctuations in the foreign exchange rates in USD against the GBP, EURO and NIS. The Group does not have a policy of using hedging instruments but will continue to keep this under review. The Group operates foreign currency bank accounts to help mitigate the foreign currency risk.

Section 172(1) Statement - Promotion of the Company for the benefit of the members as a whole

The Board believes they have acted in a way most likely to promote the success of the Company for the benefit of its members as a whole, as required by section 172.

This section serves as the Company's section 172 statement and should be read in conjunction with the Strategic report and the Directors' report. Section 172 of the Companies Act 2006 requires Directors to act in a way that they consider, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole, taking into account the factors listed in s172 in regard to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company's maintaining a reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

The following table acts as Sivota's 172(1) statement by setting out the key stakeholder groups, their interests and how the Company has engaged with them over the reporting period:

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Directors' report for the year ended 31 December 2022 (continued)

Stakeholder	Their interest	Engagement method
Investors	• Business sustainability • High standard of governance • Comprehensive review of financial performance of the business • Ethical behaviour • Awareness of long term strategy and direction • Continual approval of market perception of the business • Delivering long term value	• Annual and Interim reports • Regular operations and trading updates • RNS Announcements • Investor relations section on website • AGM • Shareholder circulars • Shareholder liaison through board which encourages open dialogue with the Company's investors • Board encourages open dialogue with the Company's investors • Social media
Regulatory bodies	• Compliance with regulations • Worker pay and conditions • Health & Safety • Insurance	• Annual report • Website • Direct contact with regulators • Compliance update at board meetings • Regular communications with relevant governments

Responsibility statement

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations. In addition, the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards ("IFRSs") in conformity with the requirements of the UK Companies Act 2006.

The Financial Statements are required to give a true and fair view of the state of affairs of the Group and the profit or loss of the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

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Directors' report for the year ended 31 December 2022 (continued)

- present information and make judgements that are reasonable, prudent and provide relevant, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Group's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and Financial Statements. Legislation governing the preparation and dissemination of Financial Statements may differ from one jurisdiction to another.

We confirm that to the best of our knowledge:

- the Financial Statements, prepared in accordance with International Accounting Standards in conformity with the requirements of the UK Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group for the period;
- the Director's report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face;
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

The Directors are responsible for maintaining the Group's systems of controls and risk management in order to safeguard its assets.

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Directors' report for the year ended 31 December 2022 (continued)

Corporate governance

The Board supports high standards of corporate governance. The Group complies with the Quoted Companies Alliance Corporate Governance Code (the "QCA Code").

The QCA Code applies the key elements of good corporate governance in a manner that is consistent with the different needs of growing companies and therefore is suitable to the Group's current status.

The Group is still at an early stage of development and is in the process of developing its systems, strategy and standards to permit the Group to comply with the QCA Code.

Subject to the Companies Act 2006, the Company's Articles and to any directions given by special resolution of the Company, the business of the Company will be managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business or not. No alteration of the Company's Articles and no such direction given by the Company shall invalidate any prior act of the Board which would have been valid if such alteration had not been made or such direction had not been given.

The Board meets regularly to review, formulate and approve the Group's strategy, budgets, and corporate actions and oversee the Group's progress toward its goals.

The Directors shall devote as much time as is necessary for the proper performance of their duties.

The Chairman's main responsibility is the leadership and management of the Board's business and its governance. The Chairman meets regularly and separately with the CEO and the Directors to discuss matters for the Board.

The Board established an Audit Committee and a Remuneration and Nomination Committee with effect from the Company's admission to trading on the Main Market. In addition, the Board established an Acquisitions Committee which will consider potential targets where a Director has a potential conflict and, following the completion of readmission in September 2022 the Board established a risk committee that monitors the financial and commercial performance of investments.

Detail of Directors remuneration is given in the Directors' remuneration report.

Audit Committee

The Audit Committee consists of Neil Jones and Tim Weller, each of whom has recent and relevant financial experience. The Audit Committee will normally meet at least twice a year at the

Sivota Plc

Directors' report for the year ended 31 December 2022 (continued)

appropriate times in the reporting and audit cycle. The committee has responsibility for, amongst other things, the monitoring of the financial integrity of the financial statements of the Group and

the involvement of the Group's auditors in that process. It will focus in particular on compliance with accounting policies and ensuring that an effective system of internal financial control is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports, remains with the Board.

The terms of reference of the Audit Committee cover such issues as membership and the frequency of meetings, as mentioned above, together with requirements of any quorum for and the right to attend meetings. The duties of the Audit Committee covered in the terms of reference

are: financial reporting, internal controls, internal audit, external audit and reserving. The terms of reference also set out the authority of the committee to carry out its duties.

In addition, the Audit Committee considers the nature and extent of the non-audit services provided by the auditors. During the reported period the non-audit services were provided to support the admission and readmission processes.

During the reporting period the Audit Committee held meetings on 28 June and 29 September 2022 which were chaired by Tim Weller and were attended by all Directors.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of Tim Weller and Neil Jones. The Remuneration and Nomination Committee will meet at least once a year. It will have responsibility for the determination of specific remuneration packages for executive directors and any senior executives or managers of the Group, including pension rights and any compensation payments, recommending and monitoring the level and structure of remuneration for senior management, and the implementation of share option, or other performance-related, schemes. No remuneration consultants provided advice or services about directors' remuneration during the course of the latest reporting period.

The Remuneration and Nomination Committee will also be responsible for considering and making recommendations to the Board with respect of appointments to the Board, the board committees and the chairmanship of the board committees. It is also responsible for keeping the structure, size and composition of the Board under regular review, taking into account the Company's commitment to developing a diverse pipeline of directors and for making recommendations to the Board with regard to any changes necessary. The Remuneration and Nomination Committee also considers succession planning, taking into account the skills and expertise that will be needed on the Board in the future.

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Directors' report for the year ended 31 December 2022 (continued)

The terms of reference of the Remuneration and Nomination Committee cover such issues as membership and frequency of meetings, as mentioned above, together with the requirements for a quorum and the right to attend meetings. The duties of the Remuneration and Nomination Committee covered in the terms of reference relate to the following: determining and monitoring policy on and setting level of remuneration, early termination, performance-related pay, pension arrangements, authorising claims for expenses from the chief executive officer and chairman, reporting and disclosure, share schemes and appointment of remuneration consultants. The terms of reference also set out the reporting responsibilities and the authority of the committee to carry out its duties.

The first Remuneration and Nomination Committee meeting was held in January 2023 and was attended by all Directors.

Acquisitions Committee

The Acquisitions Committee consists of all Independent Directors, in the event of a potential acquisition target being introduced to the Group by a Director where that Director has an interest or other conflict of interest. In such circumstances, the Acquisitions Committee will have a full remit to negotiate the terms of such transaction (including engaging and liaising with professional advisers) and the conflicted or interested Director will not be invited to join or attend any meetings of the committee. No committee meetings were held during the reporting period.

Risk Committee

The Risk Committee consists of Tim Weller and Neil Jones. The Risk meets at least once a year. It monitors Group compliance with statutory obligations and its internal policies, and confirms that the Group's management has appropriate controls in place to identify, prepares for and implement legislative and regulatory changes which affect its operations.

The Risk Committee also is responsible for reviewing the significant identified risks (principal risks) of the Group and ensuring that there is the risk management process in place that measure, monitor, manage and mitigate the Group's principal risk exposures.

During the reporting period the Risk Committee held a meeting on 19 December 2022 that was chaired by Tim Weller. The meeting was attended by all Directors.

Role of the Board

The Board sets the Group's strategy, ensuring the necessary resources are in place to achieve the agreed priorities. It is accountable to shareholders for the creation and delivery of long-term

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Directors' report for the year ended 31 December 2022 (continued)

shareholder value. To achieve this, the Board directs and monitors the Group's affairs within a framework of control which enables risk to be reviewed and managed effectively.

Board meetings

The core activities of the Board are carried out in scheduled meetings and regular reviews of the business are conducted. Additional meetings and conference calls are arranged to consider matters which would require discussions outside of scheduled meetings. The Directors maintain frequent contact with each other to discuss issues of concern and keep them fully briefed to the Group's operations. All Directors attended all Board meetings held during the reported period except for one meeting.

Directors' indemnities

To the extent permitted by law and the Articles, the Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year, which remain in force at the date of this report.

Employee and greenhouse gas (GHG) emissions

The Company currently has no trade or employees located in the UK. Therefore, the Company has minimal carbon or greenhouse gas emissions as it is not practical to obtain emissions data at this stage. It does not have responsibility for any emissions producing sources under the Companies Act 2006.

Climate-related financial disclosures

The Group does not trade or has no employees located in UK and its sole executive director is not located in the UK. The Company therefore not made any disclosures consistent with TCFD recommendations and recommended disclosures.

Going forward, as the Company grows and if starts or acquires operations in the UK, it will take steps and develop plans to enable the Directors to make consistent disclosures in the future, which will include relevant timeframes for being able to make those disclosures.

The Company is headquartered in the UK, which has made a commitment to reaching a net-zero economy. The Company has not considered that commitment in developing a transition plan because, as the Company does not trade in the UK nor has any employees located in the UK, it does not contribute any carbon emissions to the economy. The Company's main operating subsidiary, Apester, is based in Israel, which has also made a commitment to reaching a net-zero economy. The Company has not considered that commitment in developing a transition plan in Israel as Apester's carbon emissions are minimal.

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Directors' report for the year ended 31 December 2022 (continued)

Going concern

The Group has raised finance during the year, to fund the acquisition of Apester and the Group's working capital management. The Group projects that it will need to raise further debt or equity finance to fund the planned development. Group is expected to further generate losses from operations during 2023 which will be expressed in negative cash flows from operating activity. Hence the continuation of Group's operations depends on raising the required financing resources or reaching profitability, which are not guaranteed at this point. Whilst the directors are confident they will be able to realise the additional finance required, this is not guaranteed and hence there is a material uncertainty in respect of going concern. However, the directors have, at the time of approving the financial statements, a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future, which is defined as twelve months from the signing of this report. For this reason, the directors continue to adopt the going-concern basis of accounting in preparing the financial statements.

Internal auditors

The internal auditors of the Company are Chaikin Cohen Rubin & Co, appointed by the Company in December 2022. The internal auditors provide their audit based on an audit plan. Each year specific topics will be identified by the Audit Committee for audit during that year. Each report of the internal auditors will be discussed by the Audit Committee and if necessary by the Board and its results will be learned from and implemented as required.

External Auditors

So far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware, and they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The auditors, Crowe U.K. LLP, have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.



By Order of the Board

Tim Weller, Chairman

28 April 2023

Sivota Plc

Directors' remuneration report for the year ended 31 December 2022

The Remuneration and Nomination Committee have responsibility for the determination of specific remuneration packages for executive directors.

The current directors' remuneration comprises a basic fee or salary and at present there is no long-term incentive plan or share option package for the directors.

Directors' remuneration

Neil Jones

According to the appointment letter signed on in July 2021, Neil Jones agreed not to be paid any fees until the Company had undertaken a fundraising of at least £8,000,000. Following the completion of fundraising by the Company in May 2022 he is paid £22,500 per annum to act as a non-executive director of the Company.

According to the appointment letter, Neil will be eligible for participation in the Company's share option plan when adopted.

In addition, Neil agreed to subscribe at 1.71% of the Company's issued share capital at the admission in July 2021. These ordinary shares will be subject to lock-in pursuant to which Neil will not be able to sell or dispose of such ordinary shares for a period of 4 years.

Neil's appointment was for an initial period of 12 months from admission and will continue unless terminated by either party giving to the other not less than 3 months' notice or without notice in cases the Company can terminate the appointment immediately.

Tim Weller

According to the appointment letter signed in July 2021, Tim Weller agreed not to be paid any fees until the Company had undertaken a fundraising of at least £8,000,000. Following the completion of fundraising by the Company in May 2022 he is paid £70,000 per annum to act as a non-executive director of the Company.

If the Company's market capitalisation exceeds £100,000,000 the Board will consider an increase in the fee.

According to the appointment letter, Tim will be eligible for participation in the Company's share option plan when adopted.

In addition, Tim agreed to subscribe £100,000 for the Company's issued share capital at the admission in July 2021.

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Directors' remuneration report for the year ended 31 December 2021 (continued)

Tim's appointment will continue unless terminated by either party giving to the other not less than 6 months' notice or without notice in certain circumstances where the Company can terminate the appointment immediately.

Ziv Ben-Barouch

According the employment agreement signed in July 2021 Ziv Ben-Barouch was paid a salary of £18,000 per annum to act as chief executive officer. Following the completion of fundraising by the Company in May 2022 he is paid a salary of £70,000 per annum.

The Company may, in its absolute discretion pay a bonus of such amount, at such intervals and subject to such conditions as the Company may in its absolute discretion determine taking into account specific performance targets.

Ziv's appointment commenced on the admission in July 2021 and shall continue until terminated by either party giving to the other not less than 6 months' written notice or without notice in cases the Company can terminate the appointment immediately.

Remuneration paid to the Directors:

	For the year ended 31 December 2022				For the period from incorporation on 22 September 2020 to 31 December 2021			
	Base fee	Base Salary	Other(*)	Total	Base fee	Base Salary	Other(*)	Total
	in U.S dollars in thousands				in U.S dollars in thousands			
Tim Weller	54	-	-	54	-	-	-	-
Neil Jones	17	-	-	17	-	-	-	-
Ziv Ben-Barouch	-	59	-	59	-	13	-	13
Total	71	59	-	130	-	13	-	13

(*) there are no remunerations other than base fee or salary.

There were no performance measures associated with any aspect of Directors' remuneration during the year.

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Directors' remuneration report for the year ended 31 December 2022 (continued)

Other matters

The Company currently does not have any annual or long-term incentive schemes in place for any of the Directors and as such there are no disclosures in this respect.

The Company does not have any pension plans for any of the Directors and does not pay pension amounts in relation to their remuneration.

The Company has not paid out any excess retirement benefits to any Directors or past Directors. The Company has not paid any compensation to past Directors.

The Company has not paid any payments for loss of office during the year.

Directors' interests in shares as at 28 April 2023:

	Number of ordinary shares	Percentage of ordinary shares
Neil Jones	17,100	0.14%
Tim Weller	400,000	3.18%
Ziv Ben-Barouch	531,396	4.22%

The Company does not currently have in place any requirements or guidelines for any directors to own shares.

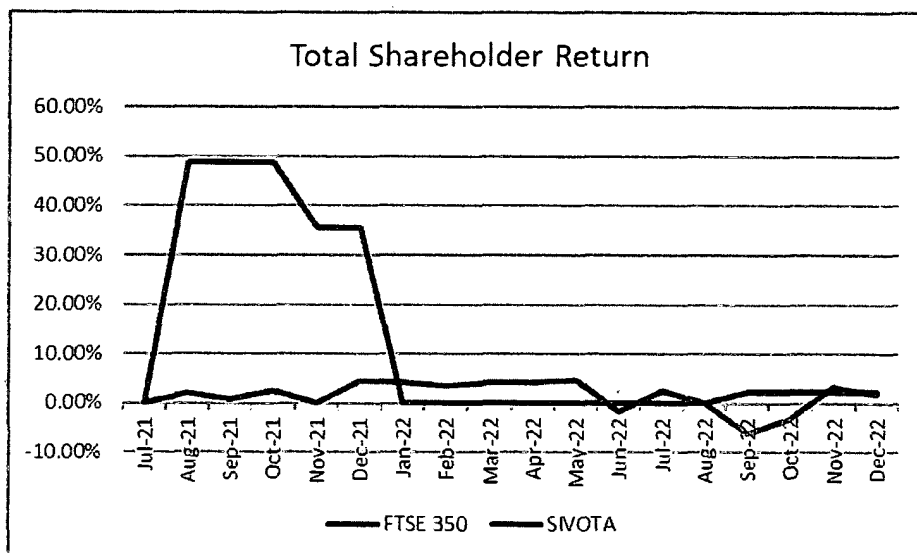
The Company is not aware of any changes in the interests of each director that have occurred between the end of the period of review and the date of the AGM notice.

The Company is not aware of any disclosures made to the Company in accordance with DTR 5.

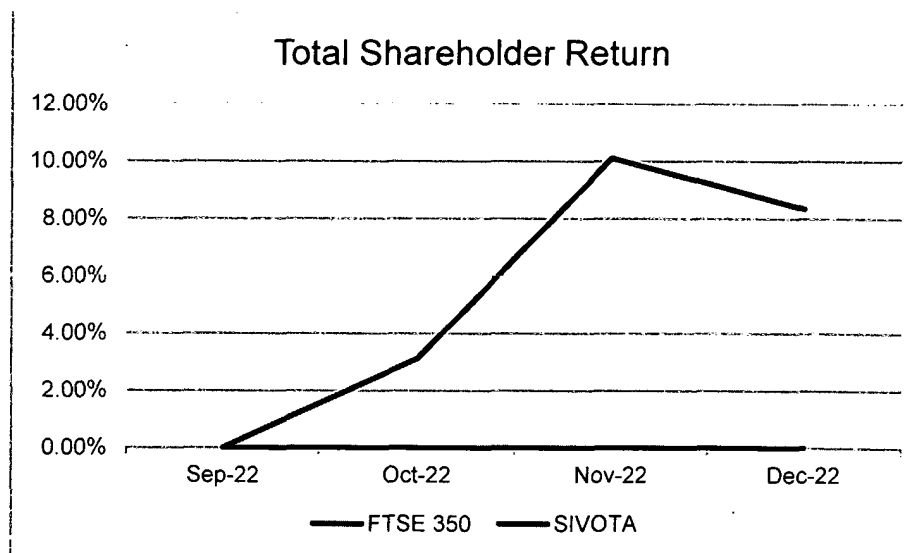
Sivota Plc

Directors' remuneration report for the year ended 31 December 2022 (continued)

Total Shareholder Return



The table above illustrates the total return of Sivota shareholders over the period from the first listing in July 2021 to 31 December 2022 compared to the FTSE 350, when Sivota's shares were suspended from the trading at the London Stock Exchange as a result of the readmission process that began in December 2021 and was completed in September 2022.



The table above illustrates the total return of Sivota shareholders over the period from the readmission completed in September 2022 to 31 December 2022 compared to the FTSE 350.

Sivota Plc

Directors' remuneration report for the year ended 31 December 2022 (continued)

Changes in the Company employees' remuneration

The changes in Director remuneration are reflected in the table above. Neil Jones and Tim Weller did not receive a fee prior to the completion by the Company of a fundraise of at least £8,000,000. Following the completion of fundraise in May 2022 Neil Jones receives fees of £22,500 per annum, and Tim Weller receives fees of £70,000 per annum.

Similarly, the remuneration paid to the Chief Executive Officer, Ziv Ben-Barouch increased in May 2022 following the completion of the fundraising from £18,000 per annum to £70,000 per annum. This represents an increase of 288.89%.

The remuneration of the CEO, being the only executive director of the Company, for the year 2023 to which the Remuneration Policy will apply, will be only his salary in accordance with his service agreement. There will be no elements of such remuneration which are subject to any performance measures and so the salary is fixed.

Below is a table summarising the main aspects of the remuneration framework for the executive director:

Fixed element and purpose	Operation	Maximum potential salary/opportunity	Performance metrics
Base salary and related statutory cost			
To provide a basic salary commensurate with role and experience which is comparable with that for similar companies of a similar size. The quantum of salary is also traded off against the Company's financial resources and its ability to pay salary for a sustainable period.	Salary is reviewed and approved annually by the Company's Remuneration Committee and the Shareholders.	not applicable	not applicable
Pensions			
The aim at present is to comply with current legislation.	Paid to in accordance with local legislation.	according to the current legislation	not applicable
Incentives/bonuses			
not applicable	not applicable	not applicable	not applicable
Share option schemes			
not applicable	not applicable	not applicable	not applicable

Sivota Plc

Directors' remuneration report for the year ended 31 December 2022 (continued)

Since its incorporation, the Company has employed one employee, other than the directors, whose employment began in March 2022. There has been no change to this individual's remuneration during the reporting period. However, the Company will ensure any subsequent changes are reflected in ongoing annual reports.

Remuneration policy

The Remuneration Policy the main aspects of which set out below will be put for approval to Shareholders at the Company's Annual General Meeting to be held in 2023. The effective date of this Policy is the date on which the Policy is approved by shareholders. No remuneration or loss of office payment may be made to a director unless they are consistent with the policy once approved by Shareholders. Any loss of office payment will be made in accordance with the existing letters of appointment or service contract.

The Remuneration Policy is designed to reflect remuneration trends and employment conditions across the Company, to support the Company's business strategy and to help the Company promote and attain its objective of long-term success. No remuneration consultants provided advice or services about the Remuneration Policy and the Company did not consult with employees.

The Remuneration Committee intends the Remuneration Policy to apply for one year and will undertake an annual review of the policy to ensure the content continues to reflect the Company's business strategy.

If the Company seeks to appoint further directors, it will seek to align any remuneration package with the Company's growth aims for the Group. The Company has no specific policy on the setting of notice periods under directors' service contracts.

Shareholders' views have not been taken into account in relation to the directors' remuneration policy, however as the Company and its Group grow and any changes are required to the policy, the Company will consider doing so.

By Order of the Board

Tim Weller



Chairman

28 April 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SIVOTA PLC

Opinion

We have audited the financial statements of Sivota Plc (the "company") and its subsidiaries (the "group") for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in preparation of the group and parent company financial statements is applicable law and UK-adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group and company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group and company financial statements have been properly prepared in accordance with UK-adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3 to the financial statements which explains that the Group and Parent Company's ability to continue as a going concern is dependent on the availability of future further fundraising. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Parent Company's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included considering the inherent risks associated with the Group's business model, including macroeconomic uncertainties regarding future possible demand, assessing and challenging the reasonableness of estimates made by the directors as regards to the group and the ability to raise future funding. We also tested the numerical integrity of the directors' model, considered the related disclosures and analysing how those risks related to going concern might affect the company's financial resources or ability to continue operations over the going concern period.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of our audit approach

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the group financial statements as a whole to be \$425,000 (2021: n/a), based on a percentage the total assets. Materiality for the parent company financial statements as a whole was set at \$255,000 (2021: \$24,950) using the same basis.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Performance materiality was set at 70% of materiality for the financial statements as a whole, which equates to \$297,500 for the group and \$178,500 (2021: \$17,400) for the parent.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of \$21,250 (2021: \$1,200). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, ("primary team"). A full scope component was set in Israel where the work was performed by the component auditor, a Crowe member firm. We determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. The primary team led by the Senior Statutory Auditor was ultimately responsible for the scope and direction of the audit process. The primary team interacted regularly with the component teams across all stages of the audit, reviewed working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us sufficient and appropriate evidence for our opinion on the Group financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Together with the matter described in the Material uncertainty related to going concern, we have determined the following, as key audit matters.

Key audit matter	How our scope addressed the key audit matter
Business combination accounting During the year, the Group acquired 54.1% of Apester Limited. (refer to note 4) The group has determined the transaction to be a business combination, the accounting for which can be complex. The Group determined the amounts to be recognised for the fair value of both considerations paid and the acquired assets and liabilities. This can involve significant estimates and judgements including, at the acquisition date, determining how the purchase price is to be allocated between acquired assets and liabilities and identified intangible asset and leading to the resultant of goodwill at their receptive fair values. There is a risk that inappropriate assumptions could result in material errors in the acquisition accounting. The Group used projected financial information in the purchase price allocation (PPA) exercise. Management use their best knowledge to make estimates when utilising the Group's valuation methodologies. Due to the Groups estimation process in PPA exercise and the work effort from the audit team, business combination is considered a key audit matter.	Our procedures included the following: • Reviewing the purchase agreement in respect of the business combination to understand the nature and terms of the transaction and to agree the consideration paid. • Validating whether the date of acquisition was correctly determined by scrutinising the key transaction documents to understand key terms and condition. • Assessing whether the acquisition during the year met the criteria of a business combination in accordance with IFRS 3: Business Combinations; • Assessing the fair value of assets and liabilities recorded in the purchase price allocation, by performing procedures including considering the completeness of assets and liabilities identified and the reasonableness of any underlying assumptions in their respective valuations. This also includes assessment on the reasonableness of the useful lives of the intangible assets and the consideration given. • Assessing and challenging the valuation techniques, assumptions (including those relating to growth rates and discount rates), models and calculations used to determine the fair value of the separately identifiable intangible assets recognised on date of acquisition; • Assessing the amount of goodwill recognised on acquisition; and • Assessing the disclosures in respect of the business combination. Key Observations: Based on the audit procedures performed, we concluded that the identification and valuation of intangible assets, including the assumptions used with the valuation was appropriate.
Carrying value of intangible assets When assessing the carrying value of goodwill, and intangible assets, management make judgements regarding the appropriate cash generating unit, strategy, future trading and profitability and the assumptions underlying	We considered the indicators of impairment and reviewed management's assessment of these indicators. The following work was undertaken: • We challenged management on the indicators which support that no impairment indicators have been noted.

Key audit matter	How our scope addressed the key audit matter
these. We considered the risk that goodwill, investments and/or intangible assets were impaired.(refer note 3 f)	Key Observations: We consider the assumptions included within impairment review to be appropriate.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic and the directors' reports for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic and the directors' reports have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 24 and 25, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the groups or company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below, however the primary responsibility for the prevention and detection of fraud lies with management and those charged with the governance of the partner company and group. We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the procedures in place for ensuring compliance. The most significant areas identified were the Companies Act 2006 and the regulations concerning the company's listed on the London Stock Exchange.

As part of our audit planning process we assessed the different areas of the financial statements, including disclosures, for the risk of material misstatement. This included considering the risk of fraud where direct enquiries were made of management and those charged with governance concerning both whether they had any knowledge of actual or suspected fraud and their assessment of the susceptibility of fraud.

We have read board and committee minutes of meetings, as well as regulatory announcements, as part of our risk assessment process to identify events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As part of this process, we have considered whether remuneration incentive schemes or performance targets exist for the Directors.

In addition to the risk of management override of controls, we have considered the fraud risk related to any unusual transactions or unexpected relationships, including assessing the risk of undisclosed related party transactions. Our procedures to address this risk included testing a risk-based selection of journal transactions, both at the year end and throughout the year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve

sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Board on 7 February 2022 to audit the financial statements for the year ended 31 December 2021. Our total uninterrupted period of engagement is two years, covering the period ended 31 December 2021 to 31 December 2022.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Leo Malkin

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

28 April 2023

SIVOTA PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
U.S. dollars in thousands

		For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021 restated
	Note		
Revenues	5	5,918	-
Cost of revenues		4,361	-
Gross Profit		1,557	-
Operating expenses:			
Research and development expenses	6	1,553	-
Sales and marketing expenses	7	1,309	-
General and administrative expenses	8	3,513	507
Total operating expenses		6,375	507
Operating loss		(4,818)	(507)
Financial income		-	9
Financial expenses		295	-
Financial income (expenses), net	9	(295)	9
Loss before taxes		(5,113)	(498)
Taxes on income	12	1	-
Net loss		(5,114)	(498)
Net loss attributable to the owners		(3,199)	(498)
Net loss attributable to non-controlling interest		(1,915)	-
Net loss		(5,114)	(498)
Net comprehensive loss		(5,114)	(498)
Net comprehensive loss attributable to the owners		(3,199)	(498)
Net comprehensive loss attributable to non-controlling interest		(1,915)	-
Net comprehensive loss		(5,114)	(498)
Loss per share:	13		
Basic loss per ordinary share in U.S. dollars		(0.38)	(0.37)
Diluted loss per ordinary share in U.S. dollars		(0.38)	(0.37)

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

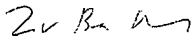
SIVOTA PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
U.S. dollars in thousands

	Note	As at 31 December 2022	As at 31 December 2021 restated
ASSETS			
<u>Non-current assets</u>			
Intangible assets, net	4; 14	13,950	-
Property and equipment, net		34	-
Total non-current assets		13,984	-
<u>Current assets</u>			
Trade receivables	16	2,467	-
Other receivables	17	399	55
Cash and cash equivalents		4,439	1,012
Total current assets		7,305	1,067
Total assets		21,289	1,067
EQUITY AND LIABILITIES			
<u>Equity</u>			
Ordinary share capital	18	157	15
Deferred shares	18	65	65
Capital reserve from transactions with non-controlling interests	19(b)	(413)	-
Share premium		15,139	1,251
Accumulated losses		(3,697)	(498)
Total equity attributable to the owners		11,251	833
Non-controlling interests	4; 19(b)	5,141	-
Total equity		16,392	833
<u>Current liabilities</u>			
Trade payables	20	2,042	-
Other payables	21	1,449	234
Total current liabilities		3,491	234
<u>Non-current liabilities</u>			
Long term loan	4(e)	1,394	-
Employee benefits		12	-
Total non-current liabilities		1,406	-
Total equity and liabilities		21,289	1,067

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

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

The financial statements on page 43 to 83 were authorised for issue by the board of directors on 28 April 2023 and were signed on its behalf by Ziv Ben-Barouch.

Ziv Ben-Barouch, CEO 

28 April 2023

Company Registration Number: 12897590

SIVOTA PLC
PARENT STATEMENT OF FINANCIAL POSITION
U.S. dollars in thousands

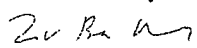
	<u>Note</u>	<u>As at 31 December 2022</u>	<u>As at 31 December 2021 restated</u>
ASSETS			
<u>Non-current assets</u>			
Investment in subsidiaries	15	11,904	-
Loan to subsidiary	4(d)	1,420	-
Total non-current assets		13,324	-
<u>Current assets</u>			
Other receivables	17	52	55
Cash and cash equivalents		1,076	1,012
Total current assets		1,128	1,067
Total assets		14,452	1,067
EQUITY AND LIABILITIES			
<u>Equity</u>			
Ordinary share capital	18	157	15
Deferred shares	18	65	65
Share premium		15,139	1,251
Accumulated losses		(1,245)	(498)
Total equity		14,116	833
<u>Current liabilities</u>			
Trade payables	20	3	-
Other payables	21	333	234
Total current liabilities		336	234
Total equity and liabilities		14,452	1,067

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The net loss of the Parent Company for the year was \$747 thousand (\$498 thousand for the period from 22 September to 31 December 2021).

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

The financial statements on page 43 to 83 were authorised for issue by the board of directors on 28 April 2023 and were signed on its behalf by Ziv Ben-Barouch.

Ziv Ben-Barouch, CEO



28 April 2023

Company Registration Number: 12897590

SIVOTA PLC
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
U.S. dollars in thousands

	Ordinary share capital	Deferred shares	Share premium	Capital reserve from transactions with non- controlling interests	Accumulated losses	Total equity attributable to the owners	Non- controlling interests	Total equity
For the year ended 31 December 2022:								
Balance as at 31 December 2021 - restated	15	65	1,251	-	(498)	833	-	833
Net loss	-	-	-	-	(3,199)	(3,199)	(1,915)	(5,114)
Net comprehensive loss	-	-	-	-	(3,199)	(3,199)	(1,915)	(5,114)
Transactions with owners:								
Share capital issuance - see Note 18	142	-	14,054	-	-	14,196	-	14,196
Share issue cost	-	-	(166)	-	-	(166)	-	(166)
Non-controlling interests on acquisition of subsidiary - see Note 4	-	-	-	-	-	-	6,355	6,355
Transactions with non-controlling interests - see Note 19(b)	-	-	-	(413)	-	(413)	428	15
Share-based compensation by subsidiary - see Note 19(b)	-	-	-	-	-	-	273	273
Total transactions with the owners	142	-	13,888	(413)	-	13,617	7,056	20,673
Balance as at 31 December 2022	157	65	15,139	(413)	(3,697)	11,251	5,141	16,392

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

SIVOTA PLC
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
U.S. dollars in thousands

	Ordinary share capital	Deferred shares	Share premium restated	Accumulated losses	Total equity
For the period from 22 September 2020 to 31 December 2021:					
Balance as at 22 September 2020	-	-	-	-	-
Net loss	-	-	-	(498)	(498)
Net comprehensive loss	-	-	-	(498)	(498)
Transactions with owners:					
Share capital issuance on incorporation	66	-	-	-	66
Deferred shares	(65)	65	-	-	-
Share capital issuance on admission	14	-	1,391	-	1,405
Share issue cost	-	-	(140)	-	(140)
Total transactions with the owners	15	65	1,251	-	1,331
Balance as at 31 December 2021	15	65	1,251	(498)	833

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

SIVOTA PLC
PARENT STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
U.S. dollars in thousands

	Ordinary share capital	Deferred shares	Share premium	Accumulated losses	Total equity
<u>For the year ended 31 December 2022</u>					
Balance as at 31 December 2021 - restated	15	65	1,251	(498)	833
Net loss	-	-	-	(747)	(747)
Net comprehensive loss	-	-	-	(747)	(747)
Transactions with owners:					
Share capital issuance - see Note 18	142	-	14,054	-	14,196
Share issue cost	-	-	(166)	-	(166)
Total transactions with the owners	142	-	13,888	(1,245)	14,030
Balance as at 31 December 2022	157	65	15,139	(1,245)	14,116

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

SIVOTA PLC
PARENT STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
U.S. dollars in thousands

	Ordinary share capital	Deferred shares	Share premium restated	Accumulated losses	Total equity
For the period from 22 September 2020 to 31 December 2021:					
Balance as at 22 September 2020	-	-	-	-	-
Net loss	-	-	-	(498)	(498)
Net comprehensive loss	-	-	-	(498)	(498)
Transactions with owners:					
Share capital issuance on incorporation	66	-	-	-	66
Deferred shares	(65)	65	-	-	-
Share capital issuance on admission	14	-	1,391	-	1,405
Share issue cost	-	-	(140)	-	(140)
Total transactions with the owners	15	65	1,251	-	1,331
Balance as at 31 December 2021	15	65	1,251	(498)	833

The accompanying notes are an integral part of the financial statements

SIVOTA PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
U.S. dollars in thousands

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021 restated
Cash flows from operating activities		
Net loss	(5,114)	(498)
Depreciation and amortisation	1,076	-
Share-based compensation by subsidiary	273	-
Financial expenses, net	83	-
<u>Working capital adjustments:</u>		
Increase in trade receivables	(762)	-
Increase in other receivables	(55)	(55)
Increase (decrease) in trade and other payables	(816)	234
Decrease in long term employee benefits	(46)	-
Net cash used by operating activities	(5,361)	(319)
Cash flows from investing activities		
Decrease in short-term deposit	7	-
Net cash acquired on acquisition of subsidiary – see Note 4	337	-
Convertible loan acquisition – see Note 4(d)	(1,654)	-
Net cash used by investing activities	(1,310)	-
Cash flows from financing activities		
Proceeds from the issue of ordinary shares, net of issuance costs	11,848	1,331
Repayment of lease liability	(9)	-
Exercise of subsidiary's options	8	-
Loan repayments	(1,512)	-
Net cash flow provided by financing activities	10,335	1,331
Net increase in cash and cash equivalents	3,664	1,012
Effect of foreign exchange rate changes	(237)	-
Cash and cash equivalents at beginning of period	1,012	-
Cash and cash equivalents at end of period	4,439	1,012

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

SIVOTA PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
U.S. dollars in thousands

(a) Financing non-cash transactions

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021 <u>restated</u>
Debt offset against the payment for share capital of the Company – see Note 4(e)	2,182	-
Receivables from exercise of subsidiary's options	7	-

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

SIVOTA PLC
PARENT STATEMENT OF CASH FLOWS
U.S. dollars in thousands

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021 restated
Cash flows from operating activities		
Net loss	(747)	(498)
Financial expenses, net	52	-
<u>Working capital adjustments:</u>		
Increase (decrease) in other receivables	3	(55)
Increase in trade and other payables	102	234
Net cash used by operating activities	(590)	(319)
Cash flows from investing activities		
Investment in subsidiary - see Note 4	(9,398)	-
Convertible loan acquisition – see Note 4(d)	(1,654)	-
Net cash used by investing activities	(11,052)	-
Cash flows from financing activities		
Proceeds from the issue of ordinary shares, net of issuance costs	11,848	1,331
Net cash flow provided by financing activities	11,848	1,331
Net increase in cash and cash equivalents	206	1,012
Effect of foreign exchange rate changes	(142)	-
Cash and cash equivalents at beginning of period	1,012	-
Cash and cash equivalents at end of period	1,076	1,012

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

SIVOTA PLC
PARENT STATEMENT OF CASH FLOWS
U.S. dollars in thousands

(a) Financing non-cash transactions

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021 restated
Debt offset against the payment for share capital of the Company – see Note 4(e)	2,182	-

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

SIVOTA PLC
NOTES TO THE FINANCIAL STATEMENTS
U.S. dollars in thousands

Note 1 - General information

The Company is a public limited company incorporated and registered in England and Wales on 22 September 2020 with registered company number 12897590 and its registered office situated in England and Wales with its registered office at New London House, 172 Drury Lane, London WC2B 5QR.

On 22 July 2021 the company completed a placing and listed on the Main Market (Standard Segment) of the LSE.

On 12 May 2022, the Company completed the acquisition of a majority stake in Apester Ltd, a digital marketing engagement platform (the "Acquisition") - for more information see Note 4.

The cash consideration for the Acquisition was funded through a \$14.2 million (gross) placing and direct subscription of 11,500,000 new ordinary shares of Sivota of one pence each. In September 2022 the Company completed its readmission to the London Stock Exchange.

Note 2 - Definitions

In these financial statements:

The Company	-	Sivota PLC
The Group	-	The Company and its consolidated subsidiaries
Subsidiaries	-	Entities that are controlled (as defined in IFRS 10) by the Company and whose accounts are consolidated with those of the Company
Related parties	-	as defined in IAS 24
Dollar/USD	-	U.S. dollar/"\$"

Note 3 - Significant accounting policies

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of accounting

The Group Financial Statements have been prepared in accordance with UK adopted International Accounting Standards.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial information of the Group is presented in U.S. dollars ("\$"), which is the Group's functional currency of the principal operations following the Acquisition in May 2022. Following the Acquisition in May 2022, the Company has changed its presentation accounting policy in order to align its functional and presentation currency to be U.S. dollars. As this is a change in accounting policy, it has been applied retrospectively as required by IAS 8. The rates

SIVOTA PLC

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

applied for the purpose of the translating the assets and liabilities is the current exchange rate as at the date of each statement of financial position. Income and expenses for each statement of comprehensive income were translated at exchange rate at the dates of the transactions. As a result, the prior period comparatives in these financial statements have been restated from Great British Pounds Sterling ("£") to U.S. dollars ("\$"). For more information, see Note 24.

Going concern

The Group has raised finance during the year, to fund the acquisition of Apester and the Group's working capital management. The Group projects that it will need to raise further debt or equity finance to fund the planned development. Group is expected to further generate losses from operations during 2023 which will be expressed in negative cash flows from operating activity. Hence the continuation of Group's operations depends on raising the required financing resources or reaching profitability, which are not guaranteed at this point. Whilst the directors are confident they will be able to realise the additional finance required, this is not guaranteed and hence there is a material uncertainty in respect of going concern. However, the directors have, at the time of approving the financial statements, a reasonable expectation that the Group will have adequate resources to continue in operational existence for the foreseeable future, which is defined as twelve months from the signing of this report. For this reason, the directors continue to adopt the going-concern basis of accounting in preparing the financial statements.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value.

SIVOTA PLC

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the

subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

c. Business combinations

Business combinations are accounted for by applying the acquisition method. The cost of the acquisition is measured at the fair value of the consideration transferred on the date of acquisition with the addition of non-controlling interests in the acquiree. In each business combination, the Company chooses whether to measure the non-controlling interests in the acquiree based on their fair value on the date of acquisition or at their proportionate share in the fair value of the acquiree's net identifiable assets.

Direct acquisition costs are expensed as incurred.

Goodwill is initially measured at cost, which represents the excess of the acquisition consideration and the amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortisations period and the amortisation method for an intangible asset are reviewed at least at each year end.

Intangible assets with indefinite useful lives are not systematically amortised and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

d. Cash and cash equivalents

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

SIVOTA PLC

NOTES TO THE FINANCIAL STATEMENTS

U.S. dollars in thousands

e. Intangible assets

Separately acquired intangible assets are measured on initial recognition at cost including directly attributable costs. Expenditures relating to internally generated intangible assets, excluding capitalised research and development expenditures, are recognised in profit or loss when incurred.

Intangible assets with a finite useful life are amortised over their useful life and reviewed for impairment whenever there is an indication that the asset may be impaired. The amortisations period and the amortisation method for an intangible asset are reviewed at least at each year end.

Amortisation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	<u>Number of years</u>
Developed technology	6.6
Customer relationships	9.6

Research and development expenditures

Research expenditures are recognised in profit or loss when incurred. An intangible asset arising from a development project or from the development phase of an internal project is recognised if the Group can demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the Group's intention to complete the intangible asset and use or sell it; the Group's ability to use or sell the intangible asset; how the intangible asset will generate future economic benefits; the availability of adequate technical, financial and other resources to complete the intangible asset; and the Group's ability to measure reliably the expenditure attributable to the intangible asset during its development.

The asset is measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of the asset begins when development is completed, and the asset is available for use. The asset is amortised over its useful life. Testing of impairment is performed annually over the period of the development project.

SIVOTA PLC

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f. Impairment policy

The Group evaluates the need to record an impairment of the carrying amount of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable.

If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in profit or loss.

The impairment test is performed annually, on 31 December, or more frequently if events or changes in circumstances indicate that there is an impairment.

g. Earnings per share

Earnings per share are calculated by dividing the net income (loss) attributable to equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the period. The Company's share of earnings of investees is included based on the earnings per share of the investees multiplied by the number of shares held by the Company.

If the number of Ordinary Shares outstanding increases as a result of a capitalisation, bonus issue, or share split, the calculation of earnings per share for all periods presented are adjusted retrospectively.

Potential Ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential Ordinary shares that are converted during the period are included in diluted

Earnings per share only until the conversion date and from that date in basic earnings per share.

h. Revenue recognition

Revenue from contracts with customers is recognised when the control over the services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms.

Revenue from rendering of services is recognised over time, during the period the customer simultaneously receives and consumes the benefits provided by the Group's performance. The Group charges its customers based on payment terms agreed upon in specific agreements, most of them are net 60 – net 75.

The Group generates revenues from two different models:

- Revenues from revenue share business model (hereafter: "rev-share model") are based on the Group's installed software platform at Publisher's site. When an end-customer is using the Company's platform, the Company generates revenue from the rev-share model, with whom it has contracted, and split the revenues with the Publishers, such 50% to 80% of the revenues collected are passed through to the Publisher.

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- Revenues from SAAS (software as a service) model - the Company recognised revenue from rendering SAAS over time.

The Group has no obligation for discounts, incentives or refunds subsequent to revenue generation.

In determining the amount of revenue from contracts with customers, the Group evaluates whether it is a principal or an agent in the arrangement. The Group is principal when the Group controls the promised services before transferring them to the customer. In these circumstances, the Group recognises revenue for the gross amount of the consideration. Revenues from rev-share model are presented on a gross basis as the group acts as a principal and is exposed to the risks associated with the transaction.

i. Leases

The Group as a lessee assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases, that defined as leases with a lease term of 12 months or less.

j. Foreign currencies

The functional currency of the Group is U.S. dollar ("\$"), as the dollar is the primary currency of the economic environment in which the Group has operated and expects to continue to operate in the foreseeable future.

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

k. Retirement and termination benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

All of the Group's employees that are employed by the Company's Israeli subsidiaries have subscribed to Section 14 of Israel's Severance Pay Law, 5723-1963 ("Section 14"). Pursuant to Section 14, the Group's employees, covered by this section, are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made on their behalf by the subsidiaries. Payments in accordance with Section 14 release the Group from any future severance liabilities in respect of those employees. Neither severance pay liabilities nor severance pay funds under Article 14 for such employees are recorded in the Group's balance sheet. For the year 2022 the Group recognised \$146 thousand related to defined contribution retirement benefit plans.

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I. Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

m. Taxation

The tax currently payable is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred income tax is provided for using the liability method on temporary differences at the reporting date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised in full for all temporary differences. Deferred income tax assets are recognised for all deductible temporary differences carried forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and carry-forward of unused tax credits and unused losses can be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it is probable that future taxable profits will allow the deferred income tax asset to be recovered.

As at 31 December 2022 the management believed that the deferred tax assets are not likely to be realisable in the foreseeable future and therefore no deferred income tax was recognised.

n. Property, plant and equipment

Property and equipment are measured at cost, including directly attributable costs, less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	<u>Number of years</u>
Computer and electronic equipment	3-7
Office furniture and equipment	15
Leasehold improvements	10

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognised. An asset is derecognised on disposal or when no further economic benefits are expected from its use.

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o. Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group derecognises a financial asset only when the contractual rights to cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", or FVTPL, "at fair value through other comprehensive income" or at amortised cost on the basis of the Group's business model for managing financial assets and the contractual cash flow characteristics of the financial asset.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

As at the reporting date the Group holds no financial assets or investments other than cash and trade receivables.

Financial liabilities and equity

Financial liabilities are initially measured at fair value when the Group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial liabilities, with the exception of financial liabilities classified at fair value through profit or loss. The subsequent measurement of financial liabilities is discussed below. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. Warrants issued by the Group that have cashless or net share settlement mechanism is classified as derivative and measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss.

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

p. Share-based payments

Share-based payment transactions of the Group's equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 19.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

q. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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- Business combinations

The Group is required to allocate the acquisition cost of the subsidiary and activities through business combinations on the basis of the fair value of the acquired assets and assumed liabilities. The Group used external valuations to determine the fair value. The valuations include management estimates and assumptions as for future cash flow projections from the acquired business and selection of models to compute the fair value of the acquired components and their depreciation period.

- Research and development expenses

According to the accounting treatment, as described above, the Group's management examined whether the conditions for recognising development costs as intangible

assets are met. The Group conclude that, development costs relating to the group software platform did not meet the conditions for recognition of as an intangible asset.

- Share-based payment.

The fair value of share-based payment transactions is calculated using the fair value of Group company's ordinary shares at the date of granting the options, this fair value is estimated by using valuation techniques that are based on actual purchasing price when applicable and measurement of the share's price by valuation technique of discounting future cash flows or other valuation techniques. For more information, see Note 19.

r. Adoption of new and revised standards and interpretations.

New standards, interpretations and amendments effective from 1 January 2022.

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2022 that had a significant effect on the Group's Financial Statements.

New standards, interpretations and amendments not yet effective

At the date of authorisation of these Financial Statements, a number of amendments to existing standards and interpretations, which have not been applied in these Financial Statements, were in issue but not yet effective for the year presented. The Directors do not expect that the adoption of these standards will have a material impact on the financial information of the Group in future periods.

At the date of authorisation of the Group financial information, the Directors have reviewed the standards in issue by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee, which are effective for the accounting periods ending on or after the stated effective date. In their view, none of these standards would have a material impact on the financial reporting of the Group.

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Note 4 - Business combination

- a. On 24 January 2022 the Company entered into a Share Purchase Agreement ("Acquisition") with Apester Ltd, a digital marketing engagement platform, that was completed on 12 May 2022. Under the terms of Acquisition Apester issued to the Company 14,947,409 Preferred Seed Shares for an aggregate consideration of \$12.0 million of which \$6.0 million was paid on 13 May 2022 and the further \$6.0 million was paid on 12 August 2022. The Preferred Seed Shares provide the Company with 57.5% of Apester's share capital.

The acquisition costs in amount of \$0.3 million and \$0.2 million were recorded in general and administrative expenses in 2022 and 2021 respectively. According to the Share Purchase Agreement Apester paid to Sivota \$0.4 million as part of the transaction costs.

- b. Pursuant to the articles of association of Apester, that were exercised following Acquisition completion, the Company also has certain veto and consent rights, including the right to appoint a majority of directors to the Apester's Board.
- c. In addition, amongst other customary provisions, the Share Purchase Agreement contains various warranties typical in a transaction of this nature from Apester in favour of the Company, regarding the operations, employees and the business and assets of Apester.
- d. Following the Acquisition, the Company entered into two convertible loan assignment agreements with lenders to Apester, pursuant to which \$1.654 million in convertible loans, including accrued interest, were assigned to the Company (the "loan"). The convertible loan bears interest at a rate of 6% per annum and will be capable of conversion by the Company into Preferred Seed Shares in Apester, par value NIS 0.01 each, at a conversion price per share of \$0.8028147 dollars. If converted in full, the Preferred Seed Shares would represent approximately 6.6% of Apester's share capital as at 31 December 2022. If the convertible loan is not so converted, Apester will be required to repay all outstanding principal and interest on the loan in full in 24 monthly instalments starting February 2024.
- e. Following the Acquisition and pursuant to the agreement with the Apester's shareholder ("the Shareholder"), the Shareholder's loan in amount of \$2.182 million, including accrued interest, was fully settled by offset against the payment for share capital of the Company.

The remaining Shareholder's loan in amount of \$1.5 million shall bear interest at the rate of 6% per annum, accrued from the actual funding date, will be capable of conversion by the Shareholder into Preferred Seed Shares in Apester, par value NIS 0.01 each, at a conversion price per share of \$0.8028147 dollars. If converted in full, the Preferred Seed Shares would represent approximately 6.3% of Apester's share capital as at 31 December 2022. If the convertible loan is not converted, Apester will be required to repay all outstanding principal and interest on the loan in full in 24 monthly instalments starting February 2024.

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- f. The fair value of the identifiable assets and liabilities of Apester on the acquisition date:

	Fair Value		
	Investment in share capital	Investment in convertible loan	Total investment
Net cash after the Acquisition (1)	9,735	-	9,735
Short-term restricted deposit	105	-	105
Trade and other receivables	1,987	-	1,987
Non-current assets	71	-	71
Intangible assets:			
Developed technology (2)	8,655	-	8,655
Customer relationships (3)	3,033	-	3,033
Total identifiable assets	23,586	-	23,586
Short term loans	1,850	-	1,850
Trade and other payables	4,082	-	4,082
Employee benefits	58	-	58
Deferred tax liability/asset, net (4)	-	-	-
Long-term loans (1)	2,638	(1,330)	1,308
Total identifiable liabilities	8,628	(1,330)	7,298
Total identifiable assets, net	14,958	1,330	16,288
Non-controlling interest (5)	(6,355)	-	(6,355)
Goodwill arising on acquisition (6)	2,977	324	3,301
Total acquisition cost, net of transaction costs	11,580	1,654	13,234

(1) Net cash after the Acquisition:

The total consideration for Apester's shares – see Note 4(a)	12,000
Apester's share in the transaction costs – see Note 4(a)	(420)
Apester's debt offset against the payment for share capital of the Company – see Note 4(e)	(2,182)
Total cash investment by the Company	9,398
Net cash acquired on acquisition of subsidiary	337
Net cash after the Acquisition	9,735

(2) amortised on a straight-line basis over the useful life of 6.6 years

(3) amortised on a straight-line basis over the useful life of 9.6 years

(4) Deferred tax liability/asset, net:

Deferred tax asset on loss carry forward	1,403
Deferred tax liability on intangible assets	(1,403)
	-

(5) measured at their proportionate share in the fair value of the acquiree's net identifiable assets.

(6) attributable to the workforce and the expected synergy from combining operations of Apester and the Company. The goodwill has indefinite useful life.

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- g. The effects of Apester's acquisition for the period from the acquisition date to 31 December 2022 are as follows:

Revenues	5,918
Net loss/net comprehensive loss	(4,375)
Cash flows used in operating activity	(4,763)
Cash flows from investing activity	7
Cash flows used financing activity	(1,513)
Current assets as at 31 December 2022	6,181
Current liabilities as at 31 December 2022	3,165
Equity as at 31 December 2022	224

- h. The revenue and loss of Apester for the reporting period as though the acquisition date had been on 1 January 2022:

Revenues	9,133
Net loss/net comprehensive loss	(7,507)

Note 5 – Operating Segments

a. General

The operating segments are identified on the basis of information that is reviewed by the chief operating decision maker ("CODM") to make decisions about resources to be allocated and assess its performance.

The Group has one operating segment - digital media

b. Geographic information:

Revenues classified by geographical areas based on client location:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
	Group	
European countries	1,904	-
North America	2,076	-
UK and Ireland	1,338	-
Other countries	600	-
	5,918	

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a. Additional information on revenues:

Revenues from major customers, which each account for 10% or more of total revenues reported in the financial statements:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021	
	Group		
Customer A	798		-
Customer B	568		-

Note 6 – Research and development expenses

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021	
	Group		
Payroll and related expenses	955		-
Share-based compensation by subsidiary	13		-
Other	585		-
	<u>1,553</u>		<u>-</u>

Note 7 – Sales and marketing expenses

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021	
	Group		
Payroll and related expenses	981		-
Share-based compensation by subsidiary	19		-
Other	309		-
	<u>1,309</u>		<u>-</u>

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Note 8 – General and administrative expenses

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
	Group	
Payroll and related expenses (*)	976	-
Share-based compensation by subsidiary	241	-
Amortisation of intangible assets	1,039	-
Professional services	937	494
Directors' remuneration – see Note 10	130	13
Other	190	-
	<u>3,513</u>	<u>507</u>

(*) key management remuneration is disclosed in Note 11.

Note 9 – Financial expenses, net

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
	Group	
<u>Financial income:</u>		
Exchange rate differences	-	9
<u>Financial expenses:</u>		
Exchange rate differences	191	-
Interest on loans (*)	104	-
	<u>295</u>	<u>-</u>

(*) including \$74 thousand of interest on the convertible loan from Apester's Shareholder measured at amortised cost, see Note 4(e).

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Note 10 – Directors' remuneration

The directors' remuneration in the reporting period was as follows:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
	Group	
Base fees	130	13

There was no other component of remuneration.

The directors' fee payable as at 31 December 2022 and 2021 were \$143 thousand and \$13 thousand respectively.

Note 11 – Key management personnel

The number of key management (excluding members the Board) employees throughout the reporting period was as follows:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
By the Company	1	-
By the Group	2	-

The transactions with the key management (excluding member the Board) employees in the reporting period were as follows:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
	Group	
Salaries	131	-
Social security	5	-
Pension and other costs	28	-
Share-based compensation by subsidiary(*)	88	-
	252	-

(*) In October 2022 Apester's CEO was granted 1,395,013 options to Apester's shares. For more information see Note 19(b).

The short-benefits payable as at 31 December 2022 were \$29 thousand.

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Note 12 – Taxes on Income

- a. The Group has made no provision for taxation as it has not yet generated any taxable income. A reconciliation of income tax expense, applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group, is as follows:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
	Group	
Loss before tax	(5,113)	(498)
U.K. corporation tax credit at 19.00%	(971)	(95)
Effect of non-deductible expenses	313	62
Differences in overseas tax rates	(174)	-
Effect of tax benefit of losses carried forward	833	33
Current tax	1	-

b. Carryforward net operating losses:

As of December 31, 2022, the Company has accumulated net operating losses, amounting to \$0.5 million which may be carried forward and offset against taxable income in the future for an indefinite period.

As of December 31, 2022, Apester has accumulated net operating losses, amounting to \$48.2 million which may be carried forward and offset against taxable income in the future for an indefinite period.

As of December 31, 2022, the U.K. subsidiary of Apester has net operating loss carry forward for income tax purposes of \$97 thousand, which may be carried forward and offset against taxable income in the future for an indefinite period.

As of December 31, 2022, the U.S. subsidiary has net operating loss carry forward for income tax purposes of \$2.2 million, which may be carried forward and offset against taxable income in the future for an indefinite period.

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c. Tax rates:

- (1) The U.K. corporate income tax rate is 19%.

The principal tax rates applicable to the subsidiaries whose place of incorporation is outside U.K. are:

Israel

The Israeli corporate income tax is 23%.

Amendment 73 to the law for the Encouragement of Capital Investments, 1959 also prescribes special tax tracks for technological enterprises, which became effective in 2017, as follows:

- Technological preferred enterprise - an enterprise for which total consolidated revenues of its parent company and all subsidiaries are less than NIS 10 billion. A preferred technological enterprise, as defined in the law, which is located in the center of Israel, will be subject to tax at a rate of 12% on profits deriving from intellectual property.
- Any dividends distributed to "foreign companies", as defined in the law, deriving from income from the technological enterprises will be subject to a withholding tax at a rate of 4%.

U.S.

The U.S. corporate income tax rate is approximately 21%.

d. Tax assessments:

The Company has not received final tax assessments since its incorporation. Apester has tax assessments considered as final up to and including the year 2016. Other subsidiaries of the Company have not received final tax assessments since their incorporation.

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Note 13 – Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
Loss for the period attributable to the equity holders of the Company	(3,199)	(498)
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	8,426,096	1,336,710
Basic and diluted loss per share – U.S. dollars	(0.38)	(0.37)

Diluted earnings per share have not been disclosed on the basis the company was loss making and therefore the impact of any potentially dilutive ordinary shares would be anti-dilutive.

Note 14 – Intangible assets, net

	Developed technology	Customer relationships	Goodwill	Total
	<u>Group</u>			
<u>Cost:</u>				
The balance at 31 December 2021	-	-	-	-
Addition in a business combination – see Note 4(e)	8,655	3,033	3,301	14,989
Total costs	8,655	3,033	3,301	14,989
<u>Accumulated amortisation:</u>				
The balance at 31 December 2021	-	-	-	-
Amortisation for the period	(837)	(202)	-	(1,039)
Total amortisation	(837)	(202)	-	(1,039)
The net balance at 31 December 2022	7,818	2,831	3,301	13,950

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Note 15 – Investment in subsidiary

	As at 31 December	
	2022	2021
	Company	
Investment in Apester in May 2022 - see Note 4	11,904	-

Details of the Company's subsidiaries at 31 December 2022 are as follows:

	Place of incorporation	Portion of ordinary shares held	Principal activity	Registered address
Apester Ltd.	Israel	54.1%	digital marketing engagement platform	Hamaser 64, Tel Aviv
Apester UK Ltd.	U.K.	54.1%	digital marketing engagement platform	201 Haverstock Hill, London, NW3 4QG
Apester Inc.	U.S.A.	54.1%	digital marketing engagement platform	Rockville ,MD 20852 ,11300 Rockville pike
Sivota IL Ltd	Israel	100%	finance and administrative services for the parent company	Tuval 5, Tel-Aviv

Note 16 – Trade receivable

	As at 31 December			
	2022		2021	
	Group	Company	Group	Company
Trade receivables from contracts with customers	2,456	-	-	-
Less – provision for doubtful accounts	-	-	-	-
Trade receivables, net	2,456	-	-	-

As of December 31, 2022, the Group has no material amounts that are past due and not impaired.

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Additional information of trade receivables

Balances of major Customers, which each account for 10% or more of the total balance of trade receivables:

	As at 31 December			
	2022		2021	
	Group	Company	Group	Company
Customer A	241	-	-	-

Note 17 – Other receivables

	As at 31 December			
	2022		2021	
	Group	Company	Group	Company
Government authorities	263	5	52	52
Prepaid expenses	65	24	3	3
Subsidiaries	-	23	-	-
Security deposits	53	-	-	-
Other	18	-	-	-
Total	399	52	55	55

Note 18 – Share capital

a. Composition of share capital:

<u>Class of shares</u>	<u>Issued and outstanding number of shares</u>
Ordinary shares of £0.01 par value	12,585,000
Deferred shares of £0.01 par value	4,950,000

The company has no authorised share capital limit.

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b. Movement in Ordinary Shares' capital:

Date	Details	Number of ordinary shares	Par value £	Price per share £	Total proceeds, net of issuance costs (1) U.S. dollars in thousands
Incorporation on 22 September 2020	Issuance of ordinary shares to the original subscriber - Mr. Hagai Tal	5,000,000	0.01	0.01	80
18 December 2020	Redesignation of ordinary shares to deferred shares (2)	(4,950,000)	0.01	1.00	-
22 July 2021	Issuance of ordinary shares on the admission	1,035,000	0.01	1.00	1,251
Total as at 31 December 2021		1,085,000			1,331
12 May 2022	Issuance of ordinary shares and subsequent readmission	11,500,000	0.01	1.00	14,030
Total as at 31 December 2022		12,585,000			15,361

(1) all shares are fully paid.

(2) the deferred shares carry no voting rights, no rights to dividends and on a return of capital are only entitled to a return once a sum of £1,000,000 has been paid on each ordinary share. The entire class of deferred share can be acquired by the Company at any time for no consideration.

Note 19 – Share-based compensation by subsidiary

a. As at the reporting date the Company does not have a share incentive plan and has not granted any options.

b. Share-based compensation by subsidiary

Under Apester's 2015 Global Share Incentive Plan (the "Plan"), Apester may grant options to its own shares to directors, employees and consultants of Apester or its subsidiaries. Each option granted under the Plan is exercisable to Apester's shares until the earlier of ten years from the date of the grant of the option or the expiration date of the Plan. The options vest primarily over four years. Any options, which are forfeited before expiration, become available for future grants.

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The movements in Apester's share options are as follows:

	Number of options	Weighted average exercise price U.S. dollars
Apester's share options outstanding at the date of the Acquisition on 12 May 2022	2,742,116	0.34
The changes in the period from 12 May 2022 to 31 December 2022:		
Share options exercised (1)	(1,656,537)	0.01
Share options forfeited	(590,499)	0.34
Share options granted (2)	1,395,091	0.80
Apester's share options outstanding as at 31 December 2022	1,890,171	0.84
Apester's share options exercisable as at 31 December 2022	419,612	1.11

The weighted average remaining contractual life for the options outstanding as of 31 December 2022 was 8.2 years.

The range of exercise prices for options outstanding as of 31 December 2022 was mainly \$0.80 – \$1.3 dollars.

- (1) During the period from the Acquisition date to 31 December 2022 Apester issued 1,656,537 ordinary shares upon the exercise of options by former employees for the consideration of \$15 thousand.

As a result, the Company's share in Apester share capital was reduced from 57.5% to 54.1%. The difference of \$0.41 million between the amount by which the non-controlling interests are adjusted and the consideration paid was recognised directly in equity and attributed to the owners of the Company.

- (2) In October 2022 Apester granted 1,395,091 options to its CEO exercisable to 1,395,091 its ordinary shares at an exercise price of \$0.803 dollars. 174,386 options will vest in 6 months from the grant date and 1,220,705 options will vest over a period of 42 months in in equal quarterly installments with each installment vesting at the end of the 3 months period thereafter. The options are exercisable for a period of up to 10 years. The total fair value of the options granted was \$527 thousand at the grant date, calculated using the Black-Scholes option pricing model.

The following table specifies the inputs used for the fair value measurement of the grant:

Exercised price in U.S dollars	0.803
Dividend yield	0%
Expected volatility of the share price	56.91%
Risk- free interest rate	3.56%
Expected life if share option in yeas	4
Share price in U.S dollars	0.803

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- c. The share-based compensation costs recognised in the financial statements for services received:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
	<u>Group</u>	
Share-based compensation by subsidiary	273	-

The share-based compensation costs recognised against an increase in equity attributable to non-controlling interests.

Note 20 – Trade payables

Balances of major vendors, which each account for 10% or more of the total balance of trade payables:

	<u>As at 31 December</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Vendor A	604	-	-	-
Vendor B	260	-	-	-

Note 21 – Other payables

	<u>As at 31 December</u>			
	<u>2022</u>		<u>2021</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
Employees and payroll accruals	676	36	13	13
Warrants	23	-	-	-
Accrued expenses and other liabilities	750	297	221	221
Total	1,449	333	234	234

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Note 22 – Financial instruments

a. Classification of financial assets and liabilities:

The financial assets and financial liabilities in the statement of financial position are classified by groups of financial instruments as follows:

Financial assets:

	As at 31 December			
	2022		2021	
	Group	Company	Group	Company
Financial assets measured at amortised cost:				
Long term loan to subsidiary	-	1,420	-	-
Trade receivables	2,467	-	-	-
Cash and cash equivalents	4,439	1,076	1,012	1,012
Total financial assets measured at amortised cost	6,906	2,496	1,012	1,012
Total current	6,909	1,076	1,012	1,012
Total non-current	-	1,420	-	-

Financial liabilities:

	As at 31 December			
	2022		2021	
	Group	Company	Group	Company
Financial liabilities measured at amortised cost:				
Trade payables	2,042	3	-	-
Other payables	1,426	247	234	234
Long term loan	1,394	-	-	-
Total financial liabilities measured at amortised cost	4,862	250	234	234
FVTPL – warrants (see note (c) below)	23	-	-	-
Total financial liabilities	4,885	250	234	234
Total current	3,491	250	234	234
Total non-current	1,394	-	-	-

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b. Financial risks factors

The Group's activities expose it to various financial risks.

Market risk - foreign exchange risk

A significant portion of the Group's revenues is received in USD. The Group also has revenues that are received in GBP, EURO and New Israeli Shekels ("NIS"). A significant portion of the Group's expenses is paid in NIS and GBP. Therefore, the Group is exposed to fluctuations in the foreign exchange rates in USD against GBP, EURO and NIS.

Credit risk

The Group usually extends 30-60-day term to its customers. The Group regularly monitors the credit extended to its customers and their general financial condition but does not require collateral as security for these receivables.

The Group always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Group considers the following as constituting an event of default for internal credit risk management purposes if information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Given the payment history of the Company's customers, the ECL provision amounted, if any, to immaterial amounts.

The Group maintains cash and cash equivalents in various financial institutions. These financial institutions are located in the UK, Israel, and US.

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Liquidity risk

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

As of 31 December 2022:

	Less than one year		From one to three years	
	Group	Company	Group	Company
Trade payables	2,042	3	-	-
Other payables	1,426	247	-	-
Warrants	23	-	-	-
Long term loan	-	-	1,844	-
Total financial liabilities	3,491	250	1,844	-

As of 31 December 2021:

	Less than one year	
	Group	Company
Other payables	234	234

c. Fair value

The carrying amounts of the Group's financial assets and liabilities approximate their fair value, except of warrants derivative financial liability that are measured in fair value through profit and loss category (FVTPL).

d. Sensitivity tests relating to changes in market factors

A change as at 31 December 2022 in the exchange rates of the following currencies against the U.S. Dollar, as indicated below would have affected the measurement of financial instruments denominated in a foreign currency and would have increased (decreased) profit or loss and equity by the amounts shown below (before tax). This analysis is based on foreign currency exchange rate that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

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	As at	
	31 December 2022	
	Group	Company
Sensitivity test to changes in GBP to Dollar exchange rate:		
Gain (loss) from the change:		
Increase of 10% in exchange rate	204	(15)
Decrease of 10% in exchange rate	(204)	15
Sensitivity test to changes in Euro to Dollar exchange rate:		
Gain (loss) from the change:		
Increase of 10% in exchange rate	(6)	-
Decrease of 10% in exchange rate	6	-
Sensitivity test to changes in NIS to Dollar exchange rate:		
Gain (loss) from the change:		
Increase of 10% in exchange rate	33	(2)
Decrease of 10% in exchange rate	(33)	2

Note 23 – Balances and transactions with related parties

Details of directors' remuneration and key management personnel are disclosed in Note 10 and 11.

From the incorporation to 22 July 2021 Mr. Hagai Tal was the ultimate controlling party. Following listing and placing on the Main Market (Standard Segment) of the LSE, see Note 1 above, there ceased to be any controlling party.

In January 2021, the Company received \$1.01 million from Mr. Hagai Tal and \$171 thousand cash from Mr. Tim Weller, in advance of the issue of ordinary shares. On 9 April 2021, all amounts owed to Mr. Hagai Tal were repaid in full, without any issue of shares.

The details of convertible loan from Apester's shareholder are disclosed in Note 4(e). From Apester's acquisition date to 31 December 2022 the Group recorded interest expenses in the amount of \$74 thousands.

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Note 24 - Changes in presentation accounting policy

Following Apester's acquisition in May 2022, the Group has changed its presentation accounting policy in order to align its functional and presentation currency to be U.S. dollars. As a result, the prior period comparatives in these financial statements have been restated from Great British Pounds Sterling ("£") to U.S. dollars ("\$\$") as follows:

	As at 31 December 2021	
	Amount in	restated
	£	amount in U.S.
	in thousands	
	Group/Company	
Current assets		
Other receivables	41	55
Cash and cash equivalents	749	1,012
Total current assets	790	1,067
Equity		
Share capital	11	15
Deferred shares	49	65
Share premium	922	1,251
Foreign currency translation reserve (balancing figure)	-	-
Accumulated losses	(365)	(498)
Total equity	617	833
Current liabilities		
Trade and other payables	173	234
Total current liabilities	173	234
Total equity and liabilities	790	1,067

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	As at 12 May 2022	
	Amount in	restated
	£	amount in U.S.
	in thousands	
	Group/Company	
Current assets		
Other receivables	17	21
Cash and cash equivalents	5,544	6,774
Total current assets	<u>5,561</u>	<u>6,795</u>
<u>Equity</u>		
Share capital	11	15
Deferred shares	49	65
Share premium	922	1,251
Foreign currency translation reserve (balancing figure)	-	-
Accumulated losses	(446)	(675)
Total equity	<u>536</u>	<u>656</u>
<u>Current liabilities</u>		
Trade and other payables	153	187
Payment on account of share capital	4,872	5,952
Total current liabilities	<u>5,025</u>	<u>6,139</u>
Total equity and liabilities	<u>5,561</u>	<u>6,795</u>

Note 25 - Auditors remuneration

The Company auditors' remuneration for the reported period was as follows:

	For the year ended 31 December 2022	For the period from 22 September 2020 to 31 December 2021
Audit fees	143	37
Non-audit fees for readmission reports	64	68