

TechFinancials Inc.

Annual Report for the year ended 31 December 2022

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Financial Highlights

- No revenues in 2022 as expected as the Company has moved to being an investment entity.
- Pre-tax loss attributable to shareholders of US\$0.269 million (2021: loss of US\$0.553 million)
- Cash position of US\$0.55million as at 31 December 2022 (2021: US\$0.92 million)
- Basic earnings per share ('EPS') (US\$0.0032) (2021: (US\$0.0064))
- In 2021 and 2022, the Company acquired shares to take minority holdings in a number of companies listed on the Nasdaq, LSE and AIM (Note 9)

Operational Cost Reduction

- The Company closed most of its subsidiaries in 2021 and finalized the strike-off of the remaining entities in Israel in 2022. The strike offs of both TechFinancials Israel 2014 Ltd and Softbox Technologies Ltd were concluded in March 2022.

Investment Activities

- The Company used its cash to invest small amounts in several listed entities in 2022. This activity resulted in an unrealised loss of US\$43 thousand in the year.
- At the year end all other group entities had been closed leaving only TechFinancials Inc, and as results the cost of operating the company is now minimal.

Chairman's Statement

2022 was a year in which the Company focused on looking for new ways to increase its value for shareholders.

The Board decided to invest some of its cash in listed companies. The Company continues to look for new ways to increase its value.

Dividends

The Board will not be recommending a final dividend to the shareholders of the Company for the year ended 2022 (2021: \$nil).

Outlook and current trading

After consolidating all of our assets, this year we focused on seeking new investment opportunities to increase the value of the Company.

The Group will continue to look for investment opportunities to maximize the Company's value, leveraging its available cash.

I would like to thank our shareholders for their continued support in what has been a year of consolidation.

We look forward to updating the market on our progress in due course.

Eitan Yanuv
Independent Non-Executive Chairman



29 June 2023

Strategic Report**Financial Results**

The Company did not have any revenues in 2022 having ceased operations and closed all subsidiaries. The Board decided to invest some of its cash in listed companies that we believe will generate good returns in 2023. The Company will continue to look for new ways to increase its value by looking at investment opportunities.

The loss for the period attributable to shareholders of the Company was US\$ 0.269m (2021: loss of US\$ 0.553m).

The Group's cash position for the period ended 31 December 2022 was US\$0.548m (31 December 2021: US\$0.92m).

Operations

During Q1 2022 the strike off of both TechFinancials Israel 2014 Ltd and Softbox Technologies Ltd was concluded. Both entities were dormant during the year.

The Group has closed all its operating activities.

Principal Risks and Uncertainties

In addition to the financial risks discussed in Note 21, the Directors consider that the principal risks and uncertainties facing the Group and a summary of the key measures taken to mitigate those risks are as follows:

Investment risk

Investments made by the company, either in public companies or in start-ups. The start-ups are inherently riskier and may cause losses due to the investee of the company's inability to raise capital to fund operations and achieve its commercial objectives post-investment by the Techfinancials Inc. The Group believe in evaluating investment opportunities whereby they are not the sole investor responsible for capitalising the investment ensuring that the investee has a broad shareholder base and access to a wide pool of capital.

Corporate Responsibility

The Group takes its responsibilities as a corporate citizen seriously. The Board's primary goal is to create shareholder value but in a responsible way which serves all stakeholders.

Governance

The Board considers sound governance as a critical component of the Group's success and has made it one of its highest priorities. More information on our corporate governance practices can be found on pages 10 to 11.

Growth Strategy and Outlook

The Board is focused on attempts to generate value to the shareholders by locating investment opportunities. The Company has invested small amounts in public companies traded in London and the USA. The Board will also continue to search for additional investment opportunities that may have a positive outcome on the Company's cashflow.

We hope that our strategy will create a positive impact on the Company's business value for the shareholders.

I would like to thank our shareholders once again for their continued support during this challenging year.

Asaf Lahav
Executive Director

Handwritten signature of Asaf Lahav in blue ink, consisting of stylized initials and a surname.

29 June 2023

Directors' Report for the year ended 31 December 2022

The Directors present their report on the Group, together with the audited Financial Statements of the Group for the year ended 31 December 2022.

Principal activities

Following the cessation of trading operations by the company and its subsidiaries, the group strategy and main focus is on identifying investment opportunities in listed entities.

In the current year, the Company has invested in public entities in London and the USA. This is in line with the Company's strategy to generate value to the shareholders by locating investment opportunities.

Cautionary statement

The review of the business and its future development in the Strategic Report has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of the reports and should be treated with caution due to the inherent uncertainties associated with such statements.

Results and dividends

The results of the Group are set out in detail on pages 19 to 23.

The Board's dividend policy is to make payments subject to the Company having adequate distributable reserves. No dividend has been declared to the Company's Shareholders in 2022 (2021: no dividend).

Business review and future developments

Details of the business activities and developments made during the year can be found in the Strategic Report on pages 5 to 6 and in Note 1 to the Financial Statements respectively.

Financial instruments and risk management

Disclosures regarding financial instruments and risks are provided within the Strategic Report on pages 5 to 6 and Note 21 to 23 to the Financial Statements.

Capital structure and issue of shares

Details of the Company's share capital, together with details of the movements during the year are set out in Note 14 to the Financial Statements. The Company has one class of ordinary share which carries no right to fixed income.

Details of the Company's share option arrangements are provided in Note 13.

Going concern

The Consolidated Financial Statements have been prepared under the going concern assumption, which presumes that the Group will be able to meet its obligations as they fall due for at least the next twelve months from the date of the signing of the Financial Statements. The Directors therefore consider it appropriate for the Group to continue to adopt the going concern basis in preparing the Annual Report and Financial Statements, while looking for business opportunities to increase its value and maintaining a minimal operation cost.

Subsequent events

The company has invested small amounts in public UK listed companies in 2023.

Directors

The Directors of the Company during the year and at the date of this report are:

Director	Role	Date of appointment	Board Committee	
Asaf Lahav	Executive Board Member	14/11/2014	A	R
Eitan Yanuv	Independent Non-Executive Chairman	24/11/2014	A	R

Board Committee abbreviations are as follows: A = Audit Committee; R = Remuneration Committee

The Board at the end of the period comprised of one executive director and one independent non-executive chairman.

Asaf Lahav, Executive Director, appointed on 1 November 2020

Asaf Lahav co-founded the Group and has held the post of Group Chief Executive Officer and board member since the Group's inception in 2009 and until October 2020 and following that as an Executive Director. Mr Lahav has 20 years' experience in managing complex technological projects and was previously a director of research and development at EMC Corporation, a position he left to found the Group.

Prior to this he held senior roles within research and development at ProActivity Software Solutions Limited, a privately held provider of business process management software solutions which was subsequently acquired by EMC Corporation. Mr Lahav holds a BSc (Hons) in Information Systems from the Technion.

Eitan Yanuv, Independent Non-Executive Chairman, appointed on 1 April 2020

Eitan Yanuv is chief executive officer of Implement Limited, a business he founded in 2002 and which provides consultancy services to SMEs in Israel operating in the technology space. Prior to setting up Implement, Mr Yanuv was head of consulting

and investment banking at Kost Forer Gabay E&Y. He served as the finance director of Starcom plc till June 2015 and on the board of SerVision Plc, till April 2018 both AIM-quoted companies headquartered in Israel.

Eitan Yanuv is the Chair of the Audit Committee and a member of the Remuneration Committee of the Company.

Directors' interests in shares and contracts

Directors' interests in the shares of the Company at 31 December 2022 are disclosed in Note 20 and any changes subsequent to 31 December 2022, are disclosed in Note 26 to the Financial Statements. Directors' interests in contracts of significance to which the Company was a party during the financial year are disclosed in Note 18 to the Financial Statements.

Independent auditors

A resolution for the re-appointment of PKF Littlejohn LLP as auditor of the Company is to be proposed at the forthcoming Annual General Meeting.

Annual General Meeting

The Company will hold the AGM on Dec 1, 2023. A notice containing the full text of the resolutions to be proposed will be sent in due time.

Corporate Governance Report

The Company is registered in the British Virgin Islands and quoted on the Aquis stock Exchange (“AQSE”).

The board of directors are accountable to the Company's shareholders for good corporate governance. The Company is not required, by the rules of AQSE, to adopt the UK Corporate Governance Code. However, this section of the Annual Report describes our corporate governance structures and processes and how they have been applied throughout the year ended 31 December 2022.

Our governance framework

See below for the role of the Board and its Committees.

Board of Directors

The Board is responsible for formulating, reviewing, and approving the Company’s strategy, budgets, and corporate actions.

Biographical details of the Directors are included in this document.

The Board comprises one executive director and one non-executive Chairman.

Both Directors bring a wide range of skills and international experience to the Board. The Non-Executive Chairman is primarily responsible for the working of the Board of the Company. The Executive Director is primarily responsible for the running of the business and implementation of the Board's strategy and policy.

The Board regulations define a framework of high-level authorities that maps the structure of delegation below Board level, as well as specifying issues which remain within the Board’s preserve. The Board typically expects to meet at least four times a year to consider a formal schedule of matters including the operating performance of the business and to review the Company’s financial plan and business model.

In accordance with the Company’s Articles of Association, at the Annual General Meeting one-third of the Directors will be subject to retirement by rotation or, if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

Subject to the provisions of the BVI Business Companies Act, 2004, the Directors to retire by rotation shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last re-appointed Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined.

It is the responsibility of the Chairman and the Company Secretary to ensure that Board members receive sufficient and timely information regarding corporate and business issues to enable them to discharge their duties.

Communication with shareholders

The Board attaches great importance to communication with both institutional and private shareholders.

Regular communication is maintained with all shareholders through Company announcements, the half-year Statement and the Annual Report and financial statements.

The Directors seek to build on a mutual understanding of objectives between the Company and its shareholders.

The Board therefore intends to use the Company's Annual General Meeting as the opportunity to meet shareholders who are encouraged to attend, and at which the Executive Director will give a presentation on the activities of the Company.

Following the presentation there will be an opportunity to meet and ask questions of Directors and to discuss development of the business.

The Company operates a website at: <https://group.techfinancials.com/>

The website contains details of the Company and its activities; regulatory announcements, Company announcements, Interim statements, preliminary statements and Annual Reports. The website is maintained in compliance with the AQSE Rules.

Board Committees

The Board maintains two standing committees, being the Audit and Remuneration Committees. The minutes of all sub-committees are circulated for review and consideration by all relevant Directors, supplemented by oral reports from the Committee Chairmen at Board meetings.

Audit Committee

The Audit Committee currently comprises Eitan Yanuv who chairs the committee, and Asaf Lahav. The Committee was formed in March 2015. The Committee has held no meetings in 2022. Further details on the Audit Committee are provided in the Report of the Audit Committee.

Remuneration Committee

The Remuneration Committee currently comprises Eitan Yanuv who chairs the committee and Asaf Lahav. The Committee was also formed in March 2015. The Committee has held no meetings in 2022. No significant resolutions were made. Further details on the Remuneration Committee are provided in the Report of the Remuneration Committee.

Report of the Audit Committee

Due to the size and nature of the Company and the Board for the period to 31 December 2022, there was no audit committee in place.

Report of the Remuneration Committee

Due to the size and nature if the Company and the Board for the period to 31 December 2022, there was no remuneration committee in place.

Directors' Responsibilities Statement in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report, Annual Report and the Group Financial Statements in accordance with applicable law and regulations.

The Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards (IFRSs') as adopted by the EU and applicable law. The Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of 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;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to assume that Company will continue in business;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are further responsible for ensuring that the Strategic Report and the Directors' Report and other information included in the Annual Report and Financial Statements is prepared in accordance with applicable law.

The maintenance and integrity of the TechFinancials, Inc. website is the responsibility of the Directors; the work carried out by the auditors does not involve the consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred in the accounts since they were initially presented on the website.

Legislation in the British Virgin Islands governing the preparation and dissemination of the accounts and the other information included in Annual Reports may differ from legislation in other jurisdictions.

Provision of information to auditors

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as that Director is aware, there is no information relevant to the audit of which the Company's auditors are unaware, and;
- that Director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

Signed by order of the Board

Asaf Lahav
Executive Director

A handwritten signature in blue ink, appearing to read 'Asaf Lahav', written over a horizontal line.

29 June 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TECHFINANCIALS INC.**Opinion**

We have audited the financial statements of Techfinancials Inc (the 'Group') for the year ended 31 December 2022 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union standards.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and

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 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 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's 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's ability to continue to adopt the going concern basis of accounting included ascertaining the group's latest cash position and obtaining, reviewing and challenging cashflow forecasts provided by the directors covering the 12 months from the approval date of the financial statements. Upon review it was concluded that the group's cash reserves significantly exceeded the committed costs and the expected costs over this period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Our application of materiality

The scope of our audit was influenced by our application of materiality. The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures.

Materiality for the consolidated financial statements as a whole was set as \$19,000 (2021: \$25,000) based on 4% Net Assets. With the changes in the group structure and strategy, currently the main focus for the users will be on the value of net assets as an investment entity. The benchmark has changed from the prior year as in the comparative year the group underwent a cost reduction programme and therefore expenses were the main focus.

Performance materiality has been set at \$15,200 (2020: \$20,000) being 80% of headline materiality. Performance materiality was set at 80% to reflect the low-risk nature of the audit. The audit has been deemed low risk as the company is small with a low volume of transactions and has appropriate controls in place. In addition, this is our sixth year of engagement.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified through our audit with a value in excess of \$950 (2020: \$1,250). We also agreed to report any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of misstatement in the financial statements. In particular we looked at areas involving significant accounting estimates and judgements by the directors and considered future events that are inherently uncertain, such as fair value of the short term investment. We also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope audit was performed on the complete financial information of Techfinancials Inc. with no material transactions occurring in other group companies.

The Engagement team, supervised by the audit partner conducted the audit work in the United Kingdom for all components within the group.

Key audit matters

We have determined that there are no key audit matters to communicate in our report.

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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 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 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:

- We obtained an understanding of the group and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through our sector experience and through discussion with the directors. The identified laws and regulations were communicated within the audit team, and the team remained alert to any indications of non-compliance throughout the audit.
- We determined the principal laws and regulations relevant to the group in this regard to be those arising from its listing on the AQSE Growth Market (AXS Access), BVI Business Companies Act and local tax regulations in the jurisdictions in which the group operates.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group with those laws and regulations. These procedures included, but were not limited to:
 - Discussions with directors regarding compliance with laws and regulations by the company and all subsidiaries;
 - Reviewing board minutes; and
 - Review of regulatory news announcements.

- We also identified the risks of material misstatement of the financial statements due to fraud. Other than the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business and reviewing bank payments and receipts in the year for evidence of any non-business transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report

This report is made solely to the company's members, as a body, in accordance with our engagement letter dated 8 July 2022. 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.



Timothy Harris (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
29 June 2023

15 Westferry Circus
Canary Wharf
London E14 4HD

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2022

	Note	2022 US\$'000	2021 US\$'000
<u>Expenses:</u>			
Administrative	5	(175)	(233)
		(175)	(233)
Operating Loss		(175)	(233)
Bank fees		(7)	(9)
Foreign exchange income (loss)		(44)	(30)
(Loss)/profit from traded securities	9	(43)	86
Financing income (expenses)		(94)	47
Other expenses			
Impairment loss on the financial asset held at FVTPL	7	-	(152)
(Loss) before taxation		(269)	(338)
Taxation	14	-	(4)
(Loss) for the year from continuing operations		(269)	(342)
(Loss) from discontinued operations	6	-	(181)
Capital loss from sale of subsidiary	6	-	(30)
(Loss) for the year from discontinued operations, net		-	(211)
Other comprehensive income		-	-
Total comprehensive Income		(269)	(553)
 <u>(Loss) attributable to:</u>			
Owners of the Company		(269)	(553)
(Loss) for the period		269)	(553)

		2022	2021
		Cents USD	Cents USD
Basic	15	<u><u>(0.32)</u></u>	<u><u>(0.64)</u></u>
Diluted		<u><u>N/A</u></u>	<u><u>N/A</u></u>
From continuing operations – Basic and diluted		<u><u>(0.32)</u></u>	<u><u>(0.40)</u></u>
From discontinued operations – Basic and diluted		<u><u>N/A</u></u>	<u><u>(0.24)</u></u>

The Notes on pages 24 to 48 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 31 December 2022

		<u>31 December</u>	<u>31 December</u>
		<u>2022</u>	<u>2021</u>
	Note	US\$'000	US\$'000
Non-current assets			
Financial asset held at FVPL	7	-	-
		-	-
Current assets			
Trade receivables, net and other receivables	8	3	-
Short-term investments	9	59	26
Cash	10	548	920
		<u>610</u>	<u>946</u>
Total Assets		610	946
Current liabilities			
Trade and other payables	11	23	89
		<u>23</u>	<u>89</u>
Non-current liabilities			
Shareholders loan	18	83	84
Equity			
Share capital	12	61	61
Share premium account	12	12,022	12,022
Share-based payment reserve	13	798	798
Accumulated profits / (losses)		(12,377)	(12,108)
Equity attributable to owners of the Company		<u>504</u>	<u>773</u>
Total Equity and Liabilities		610	946

The Financial Statements were approved by the Board of Directors and authorised for issue on June 29, 2023 and are signed on its behalf by:


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Director

The Notes on pages 24 to 48 are an integral part of these consolidated financial statements.

Consolidated statements of changes in equity
For the year ended 31 December 2022

	Share capital (Note 12)	Share Premium (Note 12)	Share based payment reserve (Note, 13)	Revaluation reserve	Accumulated profits/ (losses)	Total	Non - controlling interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2021	<u>61</u>	<u>12,022</u>	<u>798</u>	<u>-</u>	<u>(11,555)</u>	<u>1,326</u>	<u>-</u>	<u>1,326</u>
Total comprehensive income for the year	-	-	-	-	(553)	(553)	-	(553)
Balance at 31 December 2021	<u>61</u>	<u>12,022</u>	<u>798</u>	<u>-</u>	<u>(12,108)</u>	<u>773</u>	<u>-</u>	<u>773</u>
Total comprehensive income for the year	-	-	-	-	(269)	(269)	-	(269)
Balance at 31 December 2022	<u>61</u>	<u>12,022</u>	<u>798</u>	<u>-</u>	<u>(12,377)</u>	<u>504</u>	<u>-</u>	<u>504</u>

The Notes on pages 24 to 48 are an integral part of these consolidated financial statements.

Consolidated statements of cash flows
For the year ended 31 December 2022

The consolidated statements of cash flows for the Group for the years ended 31 December 2022 are set out below:

	Note	Years ended 31 December	
		2022	2021
		US\$'000	US\$'000
Cash Flows from operating activities			
(Loss) before tax period		(269)	(549)
<i>Adjustment for:</i>			
Loss (profit) from traded securities	9	43	(86)
Foreign exchange differences		44	82
Loss on disposal of subsidiary		-	30
Impairment of investment	7	-	152
Operating cash flows before movements in working capital:			
Decrease (increase) in trade and other receivables	8	(3)	13
Decrease (Increase) in trade and other payables	11	(64)	48
Income tax paid		-	(93)
Net cash used for operating activities		(249)	(403)
Cash flows from investing activities			
Net cash on disposal of a subsidiary		-	(75)
Purchase of traded securities		(76)	(102)
Sale of traded securities		-	163
Net cash generated from (used in) investing activities		(76)	(14)
Net (decrease) in cash and cash equivalents		(325)	(417)
Cash and equivalents at beginning of period		920	1,419
Effect of changes in exchange rates in cash		(47)	(82)
Cash and equivalents at end of period	10	548	920

The comparative cashflow has been restated to correct the allocation of cashflow movements.

The Notes on pages 24 to 48 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
1. General Information

TechFinancials Inc., (the “Company”) and its subsidiaries (together, the “Group”) were engaged until the end of 2020 in the development of blockchain-based digital assets solutions and licensing of financial trading platforms to businesses. Since the beginning of 2021 the company is looking for business and investment opportunities to maximize the Company’s value and leveraging its available cash. The Financial Statements presents the consolidated results of the Group for each of the years ended 31 December 2022 and 2021. The Financial Statements for the year ended 31 December 2021 represents discontinued operations of the Group.

TechFinancials Inc. (formerly Mika Holdings Inc.) incorporated in the British Virgin Islands on 16 June 2009 under the BVI Business Companies Act, 2004. The Company is currently listed solely on the Aquis Stock Exchange.

The Group:

The Financial Statements of the Group consolidates the following companies: TechFinancials (Israel) 2014 Ltd, an Israeli incorporated company and Softbox Technologies Ltd, an Israeli incorporated company, both companies have been dissolved as of December 31, 2022.

The companies within the Group are set out below if the years 2021 and 2022 are:

Company name	County of registration or incorporation	percentage of ownership	Principal activity
TechFinancials, Inc.	British Virgin Islands	-	Until October 2020, development of blockchain-based digital assets solutions and licensing of financial trading platforms.
TechFinancials (2014) Israel Ltd.	Israel	100%	The provision of software development services. Operating from October 2014 until January 2020. The company was held by TechFinancials Inc. until it was dissolved in March 2022.
Softbox Technologies Ltd.	Israel	100%	The provision of software development services of blockchain. Operating from August 2018 until January 2020. The company was held by TechFinancials Inc. until it was dissolved in March 2022.

The registered offices for the companies within the Group are as follows:

TechFinancials, Inc.: Craigmuir Chambers, PO Box 71, Road Town, VG1110 Tortola, British Virgin Islands.

2. Basis of preparation

2.1. Basis of preparation

The consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union issued by the International Accounting Standards Board (“IASB”) including related interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through the statement of profit and loss.

The preparation of Financial Statements in conformity with IFRS require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimation are significant to the consolidated Financial Statements are considered in Note 3(p).

New standards and amendments are effective since 2022, however that has no material effect on the consolidated financial statements, see Note 4.

2.2. Basis of consolidated reporting

The financial statements of the subsidiaries are prepared for the same reporting year as the parent Company using consistent accounting policies.

Control is achieved where the Group is exposed, or has rights, to variable returns from its involvement with the investee entity and has the ability to affect these returns through its power over the investee. Control is lost when the Group no longer has rights to variable returns from its involvement with an investee entity and no longer has the ability to affect those returns as it no longer has power over the investee. When control is lost the subsidiaries are de-recognised and no longer consolidated.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration agreement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

3. Summary of significant accounting policies

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Consolidated Statement of Comprehensive Income.

Investments in subsidiaries are accounted for at cost less impairment. Acquisition related costs are expressed as incurred. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(a) Currency translation

(i) **Functional and presentation currency**

The individual Financial Statements of each Group entity are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The Financial Statements of the subsidiaries are presented in USD, which is the presentation currency of TechFinancials Inc.

(ii) **Transactions and balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(iii) **Foreign operations**

Assets and liabilities of foreign operations are translated to USD at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates approximating those ruling at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under the foreign exchange translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

(b) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

Significant accounting policies (continued)

- (i) Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) it is expected to be settled in the normal operating cycle;
- (ii) it is primarily for the purpose of trading;
- (iii) it is due to be settled within twelve months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(c) impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely dependent on those from other assets.

Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset since the last impairment loss was recognised.

Significant accounting policies (continued)

If that is the case, the carrying amount of the asset is increased to its recoverable amount. This increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit and loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

(d) Financial assets**(i) Initial recognition and measurement**

The Group applies IFRS 9 “Financial Instruments” and elected the simplified approach method.

The Group classifies its financial assets in the following categories: loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and this designation at every reporting date.

Investments

Investments, which include equity and debt investments, are designated on initial recognition as financial assets at fair value through profit or loss. This measurement basis is consistent with the fact that the Group's performance in respect of its portfolio investments is evaluated on a fair value basis in accordance with an established investment strategy. When investments are recognised initially, they are measured at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than twelve months after the reporting date which are classified as non-current assets. Loans and receivables comprise of cash and bank balances, trade and other receivables.

Financial assets are measured upon initial recognition at fair value plus transaction costs directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired and through the amortisation process.

Significant accounting policies (continued)Convertible loans

Convertible loans are financial assets where repayment can be in the form of cash or equity instruments in the loanee. They are presented as current assets, except for those expected to be realised later than twelve months after the reporting date which are classified as non-current assets.

Convertible loans are measured at fair value through profit or loss with transaction costs being recorded in profit or loss.

Subsequent to initial recognised, convertible loans are measured at fair value through profit or loss. Any gain or loss when revaluing to fair value is recognised in the profit or loss.

(ii) De-recognition

Financial assets are de-recognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

The Group applies IFRS 9 “Financial Instruments” and elected the simplified approach method, measuring the loss allowance in an amount equal to the lifetime expected credit losses. An impairment loss on debt instruments measured at amortised cost is recognized in profit or loss with a corresponding loss allowance that is offset from the carrying amount of the financial asset.

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired, if so, the Group performs a detailed impairment calculation to determine whether an impairment loss should be recognised. A financial asset, or a group of financial assets, is impaired, and impairment losses are incurred, only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”), and that loss event (or events) has an impact on the estimated future cash flows of the financial asset, or group of financial assets, that can be reliably estimated.

Evidence of impairment may include indications that the receivables or a group of receivables is experiencing significant financial difficulty, default or delinquency in interest or principal repayments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred),

Significant accounting policies (continued)

discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced, and the loss is recognized in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(e) Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities and include trade and other payables and borrowings. Financial liabilities are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payment through the expected life of financial liability, or, where appropriate, a shorter period.

(f) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

(g) Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made.

Significant accounting policies (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(h) Share capital

Ordinary shares are classified as shareholders' equity, net of transaction costs.

Proceeds from issuance of ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares or options are shown in equity as a deduction from the proceeds.

(i) Share-based payments

Certain employees of the Group received remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in Note 13.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

Significant accounting policies (continued)

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original

terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee.

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 15).

(j) Current income tax and Deferred tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the comprehensive income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where its subsidiaries operate by the end of the financial period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Significant accounting policies (continued)

Deferred tax liabilities are recognised on taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax is charged or credited to the comprehensive income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities over cost.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(k) Cash and Cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and short-term deposits with an original maturity of 3 months or less.

(l) Going Concern

The Consolidated Financial Statements have been prepared under the going concern assumption, which presumes that the Group will be able to meet its obligations as they fall due for at least the next twelve months from the date of the signing of the Financial Statements.

The Financial Statements do not include any adjustments that may be required should the Group be unable to continue as a going concern.

(m) Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions

Significant accounting policies (continued)

The fair value of investments is first based on quoted prices, where available. Where quoted prices are not available, the fair value is estimated using consistent valuation techniques across periods of measurement.

In accordance with IFRS 13, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

These are described as follows:

Level 1 – Quoted market prices

Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Valuation Techniques using observable inputs

Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

Level 3 – Valuation techniques using significant unobservable inputs

Fair value measurements are those derived from inputs that are not based on observable market data.

(n) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the operating director.

The operating director who is responsible for allocating resources and performance of operating segments, during the year was Asaf Lahav.

All operations and information are reviewed together so that at present there is only one reportable operating segment this year as a result of the cessation of trade. No comparatives have been included.

(o) Discontinued operations

The results of operations disposed during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Significant accounting policies (continued)

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the pre-tax profit or loss of the discontinued operation along with the pre-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

(p) Critical accounting judgement and areas of key estimation and uncertainty

In the process of applying the entity's accounting policies, management makes estimates and assumptions that have an effect on the amounts recognised in the financial information. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The management do not consider there to be any critical accounting estimates or judgements made in the preparation of these financial statements.

4. Changes in account policies and disclosures

New and amended standards mandatory for the first time for the financial periods beginning on or after 1 January 2022, as well as new standards, amendments and interpretations in issue but not yet effective or not yet endorsed and not early adopted .

Whilst the Directors do not anticipate the adoption of these standards and interpretation in future reporting periods will have a material impact on the Group's financial statements.

New and amended standards mandatory for the first time for the year beginning 1 January 2022

	Effective date: Annual periods beginning on or after:	Expected Impact
Annual improvements to IFRS Standards 2018-2020 Cycle	1 June 2022	No
Amendments for IFRS 3: Business combinations – Reference to the Conceptual Framework	1 January 2022	No
Amendments to IAS 1, Presentation of financial statements on classification of liabilities as current and non-current	TBC	No

At the date of approval of these financial statements, the following amendments to IFRS which have not been applied in these financial statements were in issue but not yet effective:

	Effective date	Expected Impact
	Annual periods beginning on or after	
Amendments to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023	No
Amendments to IAS 8: Accounting policies, Changes in accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023	No
Amendments to IAS 12: Income Taxes – Deferred tax related to Assets and Liabilities from a Single Transaction	1 January 2023	No
Amendments to IAS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants	TBC	No

The Directors believe that these new and amended standards, adopted in the current year and which will be adopted in future periods, are not expected to have a material impact on the Group's results or shareholders' fund.

5. Expenses by nature from continuing operations:

	Year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Software and IT expenses	1	4
Impairment of financial assets	-	152
Loss (profit) from short-term investments	43	(86)
Auditor remuneration – audit of the Group accounts	27	30
Professional and consulting fees	2	12
Directors' fees, note 20	84	116
Foreign exchange differences	44	30
Other expenses	68	80

6. Discontinued operation

During the year 2021, the Group terminated the operations of all its subsidiaries. The associated results of the subsidiaries within these financial statements are consequently considered as discontinued operation.

Footies Limited was struck off in the 2021 financial year end and as such has been disclosed as discontinued operations in the year 2021.

Softbox Technologies Ltd and Techfinancials (2014) Israel Ltd were struck off in March 2022 and as such have been disclosed as discontinued operations in the year 2021.

Cedex Holdings was disposed in October 2021 and as such has been disclosed as discontinued operations in the year 2021.

a) Results of discontinuing operations:

	Year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Administrative expenses	-	(100)
Realised Foreign exchange differences	-	(59)
Bank charges	-	(22)
Loss on disposal of Cedex	-	(30)
(Loss)/Profit from discontinued operations	-	(211)

b) Cashflows of discontinued operations:

Operating	-	(194)
Investing	-	(739)
Financing	-	-
	-	(933)

c) Total cash on disposal date

	2021
	US\$'000
Disposal of a subsidiary	
Current assets of the subsidiary excluding cash	-
Current liabilities of the subsidiary	(45)
Loss on disposal	(30)
	(75)

All companies classified as discontinued operations in 2021 were either disposed during the year or were struck off during the year subsequent to year end; and held immaterial assets or liabilities as at 31 December 2021.

7. Financial Asset at FVTPL

	Year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Fair value as at 1 January	-	152
Additions	-	-
Impairment loss	-	(152)
Fair value as at 31 December	-	-

Financial assets at FVTPL investments are valued at Level 3 of the Fair value Hierarchy.

In November 2020, the Company signed with RenewSenses Ltd., an Israeli start-up, an Agreement for Future Equity ("SAFE") following which the Company invested in RenewSenses a total amount of US\$ 152k.

The investment will be automatically converted at a 20% discount of the next round valuation, with a valuation cap of 2M NIS (US\$0.6 million). The company will therefore hold at least 17% of RenewSenses share capital. RenewSenses aims to revolutionize the way people with visual impairment experience the world. The Company develops a wearable mobile device that combines cutting-edge computer vision and vision-to-audio and vision-to-touch sensory substitution methods. The device will enable users to detect and locate objects, people, and general visual characteristics in their immediate surroundings through alternative senses.

As of December 31, 2021 RenewSenses has failed to raise additional capital for its operations and in the beginning of 2022, it was forced to dismiss all its employees. Based on the above, the group impaired the investment in RenewSenses which is presented in the statement of financial position as of December 31, 2021 and 2022 with zero value.

8. Trade and other receivables

	Year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Prepayments	3	-
	3	-

The carrying amounts of trade and other receivables approximate their fair values.

9. Short-term investment

Short-term investments are in securities traded in Nasdaq, LSE and AIM stock exchanges. The investments are presented at their market value as at the date of the financial position.

	2022	2021
	US\$'000	US\$'000
Fair value balance as at 1 January 2022	26	-
Additions	76	102
Disposals	-	(84)
Fair value adjustment	(43)	8
Fair value balance as at 31 December 2022	59	26

All short-term investments are valued at Level 1 of the Fair value Hierarchy.

10. Cash and cash equivalents

	Year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Cash at bank	548	920
	548	920

11. Trade and other payables

	Year ended 31 December	
	2022	2021
	US\$'000	US\$'000
Trade payables	-	39
Accrued liabilities	23	50
	23	89

12. Share capital

	As at 31 December	
	2022	2021
Authorised	Number of Shares	Number of Shares
The Company Ordinary share	100,000,000	100,000,000
Authorised	100,000,000	100,000,000

	As at 31 December	
	2022	2021
Issued and fully paid	US\$'000	US\$'000
The Company Ordinary share	61	61

85,860,979 (PY: 85,860,979) shares were issued and fully paid for.

	2022
Ordinary shares issued and fully paid	US\$'000
At 1 January 2022	61
share based compensation exercise of options	-
At 31 December 2022	61

Share Capital – Amount subscribed for share at nominal value.

Share Premium – Amount subscribed for share capital in exercise of nominal value.

Share-based payment reserve – The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

This estimated fair value was calculated by applying a Black-Scholes option pricing model. In the absence of a liquid market for the share capital of the group the expected volatility of its share price is difficult to calculate. Therefore, the Directors have considered the expected volatility used by listed entities in similar operating environments to calculate the expected volatility.

The expense and equity reserve arising from share-based payment transactions recognised in the year ended 31 December 2022 USD\$ nil (2021: nil)

13. Share – based payment transactions (Group)

The Group has one share-based payment arrangements (“2014 plan”) which is summarised below.

Employee Stock Option Plan:

	Year ended 31 December 2022	
	Number of Options	Weighted Average Exercise Price (US\$)
Balance at beginning of period	200,000	0.092
Granted	-	-
	-	-
Exercised during the period	-	-
Lapsed during the period	-	-
Balance at end of period	200,000	0.092

	Year ended 31 December 2021	
	Number of Options	Weighted Average Exercise Price (US\$)
Balance at beginning of period	200,000	0.092
Granted	-	-
Exercised during the period	-	-
Lapsed during the period	-	-
Balance at end of period	200,000	0.092

13.1 Number of options exercised during the period

No options were exercised during the period.

13.2 Outstanding Options

The details of the outstanding options are set out below. The options were issued in 2017.

Date of grant	01 August 2017 (2014 Plan)
Contractual life	10 years
Exercise price	\$0.0915

The grant date fair valuation of \$0.06 per share was done in 2017 using the Black Scholes model. The model inputs were:

- (i) Share price at grant date;
- (ii) Weighted average exercise price;
- (iii) Expected volatility;
- (iv) Contractual life of 10 years; and
- (v) Risk free rate interest rate of 3.85%

14. Income tax expenses

	Years ended 31 December	
	2022	2021
	US\$'000	US\$'000
Current income tax expense	-	-
Prior year under provision	-	(4)
	<u>-</u>	<u>(4)</u>

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to the income tax expense/(release) at the effective tax rate of the Group is as follows:

	Years ended 31 December	
	2022	2021
	US\$'000	US\$'000
(Loss) before taxation from continuing operation	(269)	(338)
(Loss) multiplied by standard rate of EIT of 0%	-	-
Effect of different tax rates in different countries:		
Israeli tax rates 2022: 23% (2021 :23%)	-	-
Deferred tax rate: 23%	-	-
	<u>-</u>	<u>-</u>

15. Earnings per share

The calculation of earnings per share is based on the following earnings and number of shares:

	Years ended 31 December	
	2022	2021
	US\$'000	US\$'000
(Loss) attributable to equity holders	(269)	(553)
Details of the share options that could potentially dilute earnings per share in future periods are set out in note 13		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	85,860,979	85,860,979
	<u>US\$</u>	<u>US\$</u>
Basic earnings per share	(0.0032)	(0.0064)
Basic earnings per share from continuing operations	(0.0032)	(0.0040)
Basic earnings per share from discontinued operations	N/A	(0.0024)

Dilutive earnings per share are the same as basic earnings per share as all options currently issues are antidilutive in the current year

16. CEDEX Group

CEDEX Holdings Ltd. was incorporated on 30 November 2017 in Gibraltar.

On October 4th 2021 TechFinancials sold its 99.84% owned subsidiary, Cedex Holdings Limited (“Cedex”), to Lem Management Limited (“Buyer”). According to the terms of the Agreement, the Company will be entitled to future consideration upon the Buyer succeeding to raise US\$20 million in a single or series of related transactions, for the future operation of Cedex, or selling Cedex for a minimum of US\$2 million. In certain circumstances of a sale of Cedex, or the assets of Cedex, by the Buyer, the Company will be entitled to receive 50% of that consideration above US\$ 2 million. Between US\$5 million and US\$50 million, the Company will be entitled to receive US\$1.6 million out of the first US\$5 million and 4% out of the remainder, but no more than US\$2 million. US\$50 million and above, the Company will be entitled to receive 4% of the proceeds.

17. Ultimate controlling party

The Company considers that there is no ultimate controlling party of the Group.

18. Related party balances and transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party in making financial and operating decisions.

Some of the Group’s transactions and arrangements are with related parties and the effect of these, on the basis determined between the parties, is reflected in these Financial Statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the period under review, in addition to those disclosed elsewhere in these Financial Statements, the following significant transactions took place at terms agreed between the parties:

18.1 Receivables / Payables balances

Balances with shareholders/ Directors employed by the Group are analysed as follows:

	As at 31 December	
	2022	2021
	US\$'000	US\$'000
Non-current liabilities – Shareholder’s loans:		
Jeremy Lange	28	28
Asaf Lahav	15	16
Eyal Alon	40	40
	83	84

The loans bear no interest and were, subject to certain conditions, repayable in three equal instalments, out of which two were paid during July 2016 and February 2017. The

remaining loans balance become repayable when the company has operating cash inflow of \$1million for two consecutive quarters. Based upon the current trading position of the company, it is not considered these will become repayable within a year.

The following was included in trade and other payables:

Fees due to key management:

	As at 31 December	
	2022	2021
	US\$'000	US\$'000
Salaries and other long-term employee benefits	-	23
	-	23

Fees due to the directors:

	As at 31 December	
	2022	2021
	US\$'000	US\$'000
Director's Fees – Eitan Yanuv and Asaf Lahav	-	21
	-	21

19. Key Management Personnel

The compensation for key management and/or Shareholders'/Directors employed by the Group is analysed as follows, and is further broken down in Note 20:

	As at 31 December	
	2022	2021
	US\$'000	US\$'000
Salaries and other long-term employee benefits	-	23
	-	23

20. Key management and directors' remuneration (Group)

Details of the nature and amount of each element of the emoluments of each member of Key Management for the years ended 31 December 2022 and 31 December 2021 were as follows:

<u>Key Management Personnel Name</u>	<u>31 December 2022</u> <u>% of shareholdings</u>	<u>Year ended 31 December</u>	
		<u>2022</u>	<u>2021</u>
		<u>US\$'000</u>	<u>US\$'000</u>
Yuval Tovias*^	0.13% (PY: 0.13%)		
Wages and salaries		-	-
Post-employment benefits		-	23
Other long-term benefits		-	-
		-	23

Details of the nature and amount of each element of the emoluments of the directors for the years ended 31 December 2022 and 31 December 2021 were as follows

<u>Directors Personnel Name</u>	<u>31 December 2022</u> <u>% of shareholdings</u>	<u>Year ended 31 December</u>	
		<u>2022</u>	<u>2021</u>
		<u>US\$'000</u>	<u>US\$'000</u>
Asaf Lahav*	10.68% (PY:10.68%)		
Wages and salaries		-	-
Post-employment benefits			
Director's fee		42	51
Other long-term benefits		-	-
		42	51
Eitan Yanuv***	-		
Director's fee		42	42
		42	42
Total remuneration of the key management and directors of the Group		84	93

*Invoiced.

*** Payment received through Implement Ltd company being a non-Executive chairman of board.

21. Financial risks management

The Group is exposed to credit risk, liquidity risk, currency risk and high-risk investments. The risk management policies employed by the Group to manage these risks are discussed below:

21.1 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's major classes of financial assets are cash and bank balances, and high-risk investments.

As at the end of each financial year, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the consolidated statements of financial position.

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date of the Group is as follows:

	As at 31 December	
	2022	2021
	US\$'00	US\$'0
	0	00
Cash and cash equivalents	548	920
Short-term investments	59	26
Trade receivables and others	3	-
	610	946

Cash and cash equivalents

As at 31 December 2022 and 2021, substantially all the cash and bank balances as detailed in Note 10 to the consolidated Financial Statements are held in financial institutions which are regulated and located in Singapore and England, which the management believes are of high credit quality.

The management does not expect any losses arising from non-performance by these counterparties.

	As at 31 December	
	2022	2021
	US\$'000	US\$'000
A	-	-
AA-	-	-
Other	548	920
	548	920

The Group has no significant concentrations of credit risk. Cash is placed with established financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

21.2 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro and GBP. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The following sensitivity analysis shows the effects on net profit of a 5% and 10% increase/decrease in exchange rates versus closing exchange rates at 31 December 2022 and 31 December 2021.

	2022		2022	
	+5%	-5%	+10%	-10%
	US\$'000	US\$'000	US\$'000	US\$'000
Euro	24	(24)	47	(47)
GBP	1	(1)	1	(1)

	2022		2021	
	+5%	-5%	+10%	-10%
	US\$'000	US\$'000	US\$'000	US\$'000
Euro	36	(36)	71	(71)
GBP	5	(5)	10	(10)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
Euro	-	-	471	713
GBP	-	15	13	95
Israeli New Shekel	-	-	-	-

21.3 Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Trade and other payables are all payable within 12 months.

Trade and other payables

Group's trade payables and other payables that are not impaired are as follows:

	As at 31 December	
	2022	2021
	US\$'000	US\$'000
Current and 31 – 60 days	23	39
61 – 90 days	-	-
Above 91 days	-	-
	23	39

21.4 Capital Risk

The Board's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to enable the Group to continue its investments and to maintain an optimal capital structure to reduce the cost of capital. The Group have no external borrowing and thus capital consist entirely of equity.

22. Commitments

The Group had no capital or other commitments as at 31 December 2022.

23. Financial assets and Liabilities:

	As at 31 December	
	2022	2021
	US\$'000	US\$'000
Financial asset at amortised costs	548	920
Short term investments	59	26
Financial liabilities at amortised cost	116	173

24. Contingencies

The Group had no contingencies as of 31 December 2022.

25. Guarantees and lien

No guaranties for the Group as of 31 December 2022.

26. Subsequent events

In 2023, the Company acquired shares in public traded companies in UK.