



ADRABBIT LIMITED (Formerly: AppsVillage Australia Limited)

ABN: 50 626 544 796

ANNUAL REPORT

31 DECEMBER 2021

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**AdRabbit Limited
Corporate Directory
31 December 2021**

Directors

Noah Hershcoviz	Chairman and Non-Executive Director
Max Bluvband	Executive Director
Shahar Hajdu	Executive Director
Andrew Whitten	Non-Executive Director
Konstantin Lichtenwald	Non-Executive Director

Company Secretary

David Hwang

Registered Office

c/ Automic Group Level 5
126 Philip St
Sydney NSW 2000
Australia

Auditors (Australia)

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower
5 Spring St
Perth WA 6000
Australia

Legal Advisors

Automic Legal
Level 5
126 Philip St
Sydney NSW 2000
Australia

Share Registry

Automic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000
Australia

Stock Exchange Listing

Australia Securities Exchange
ASX Code: RAB (formerly: APV)
Toronto Stock Exchange
TSX Code: RABI

AdRabbit Limited 2022 Financial Report – Chairman Review

Dear Shareholders,

Welcome to the annual report of AdRabbit Limited (“the Company” or “AdRabbit”), the third since the Company listed on the Australian Stock Exchange and Australian Securities Exchange in August 2019 and the first for the since the Company listed on the Toronto Stock Exchange also the first for me personally since I was appointed Non-Executive Chairman of the Company in June 2021.

General

In 2020 and 2021, the world continued to change significantly following the COVID-19 pandemic. It not only changed the daily lives of people around the world, but it also impacted, in varying degrees, the operating environment for most businesses. As the pandemic continued to present mounting challenges in the physical world, SMBs shifted focus and began to aggressively seek out ways to build their digital presence.

Since 2020, our company has proactively empowered them to do so by developing the first AI-powered SMB advertising platform, AdRabbit. We strongly believe that SMBs now more than ever before will look to actively grow their presence online, whether it’s through a website or e-commerce store. By using AdRabbit, SMBs will achieve greater visibility, increased engagement, and most importantly, more sales, all while being able to concentrate on what they do best - running their own businesses.

The development of AdRabbit, in combination with its strong financial achievements, has also enabled the Company to dramatically reduce its operational expenses while allowing the team to focus on profitability and sustainable growth moving forward. Additionally, the paid advertising spend previously required to acquire customers has been greatly reduced, which is another positive outcome of these efforts.

The impact of this strategy led to invoiced revenues falling by approximately \$992,832 in 2020 to \$406,883 in 2021. The decline in spending for the business was far more dramatic, however, decreasing from approximately \$4,341,767 in 2020 to \$3,244,110 in 2021. This spending decrease has ushered in a more sustainable long-term business model that provides flexibility to increase spending when market conditions show sustained improvement.

Name Change

On February 3, 2022, the Company completed its name change from "AppsVillage Australia Limited" to "AdRabbit Limited" and changed its ticker code on the Australian Securities Exchange (“ASX”) to RAB.

Listing on the TSXV Stock Exchange and Collaboration with A-Labs

While the pandemic continued to spread, we also utilized our banking capabilities to strengthen the company with new institutional investors and secured a dual-listing on another stock exchange, TSX. This was possible as a result of the value the company provides to SMBs and its growth potential as an AdTech company.

In addition, AdRabbit cross-listed its shares on the TSX stock exchange under the ticker symbol RABI on February 7, 2022. The Ordinary Shares will continue to trade on the ASX under the ticker RAB. The TSX listing was done with the help of A-Labs Finance and Advisory Ltd.

AdRabbit appointed the Odyssey Trust Company as its co-transfer agent for the Ordinary Shares of the Company in Canada.

Outlook - Positioned for Growth in 2021

AdRabbit underwent a transformative year in 2021 in response to the challenges brought on by the COVID-19 pandemic. With substantially reduced costs, the company is now focused on continued profitability and growth. New initiatives like JARVIS and AdRabbit have been designed to support SMBs as they navigate the structural shift that is taking place from brick-and-mortar to digital, and these initiatives will be the key drivers of revenue and growth for AdRabbit as we close out the 2021 Financial Year.

Throughout 2021, the Company also made a number of management and executive changes that were designed to enhance its ability to execute on its strategic goals and milestones, and we'll continue to make further appointments as the business continues to grow. Furthermore, AdRabbit will continue to innovate its offerings in order to increase market share and become the go-to provider for SMBs who are looking to build their digital strategy. The Company is committed to increasing shareholder value, and we believe we're well-situated to deliver on our operational and commercial targets in 2021.

Yours sincerely



Noah Hershcoviz

Chairman

AdRabbit Limited
Directors' Report
31 December 2021

The Directors present their report, together with the financial statements of AdRabbit Limited ("the Company" or "AdRabbit") and its controlled entity ("the Group") for the financial year ended 31 December 2021.

Directors

Name	Status	Appointed	Resigned
Max Bluvband	Executive Director and Chief Executive Officer	21 May 2019	-
Shahar Hajdu	Executive Director and Chief Technology Officer since Company's inception	3 October 2019	-
Noah Hershcoviz	Chairman and Non-Executive Director	23 June 2021	-
Konstantin Lichtenwald	Non-Executive Director	19 October 2021	-
Andrew Whitten	Non-Executive Director and Company Secretary	10 June 2020	From Company Secretary on 12 March 2021
Barham Nour Omid	Chairman and Non-Executive Director	10 June 2020	19 October 2021
Yoav Ziv	Non-Executive Director	23 May 2019	19 October 2021

Principal Activities

AdRabbit (formerly: AppsVillage Australia Limited) is a software-as-a-service ("SaaS") company that commenced activities in 2016. In 2022, the Company completed its name change from "AppsVillage Australia Limited" to "AdRabbit Limited" (herein: "AdRabbit") and changed its ticker code on the Australian Securities Exchange ("ASX") to RAB, effective February 1 2022.

AdRabbit provides an easy and inexpensive SaaS solution that allows small-to-medium businesses to create and manage their own mobile application as a means of connecting with their customers and growing their business.

AdRabbit's technology has automated the design, development, maintenance and marketing of mobile apps, allowing any business to build, preview and launch their own application without have any code writing or digital marketing knowledge.

Dividends

No dividends have been paid or declared by the Group since the beginning of the financial year. No dividends were paid for the previous financial year.

Review of Operations

Unless otherwise stated, all figures in this report are in the Company's presentation currency US\$.

Following the COVID 19 Lockdown there has been a significant impact on the ability of Small-Medium-Businesses ("SMB") to operate their physical stores thus, the SMBS rushed to build their new digital assets and facing new challenge "how to bring traffic to their new digital assets and grow their business". AdRabbit makes it easy for SMBs' to advertise on the social networks and grow their business.

During 2021 the company kept reducing overall costs focusing on completion of R&D to enable timely rollout of the next generation product (AdRabbit).

The company spent on sales and marketing \$436k in 2021 compared to \$2,172k in 2020, focusing on customers with clear return on its investment in anticipation of the full rollout of its disruptive, next generation platform – AdRabbit.

The Company kept its full R&D staff spending \$1,122k in 2021 compared to \$790k in 2020 acknowledging that this is its most valued asset that shall ensure the Company's leadership as an SMBs' advertising platform.

AdRabbit Limited
Directors' Report (Continued)
31 December 2021

At the same time the Company has increased its administration and corporate costs of \$1,349 in 2021 compared to \$1,025k in 2020 to ensure a timely listing on the TSX.

Since listing on ASX, AdRabbit has demonstrated its ability to rapidly scale customer and revenue growth and has now pivoted to focus on executing its long-term growth strategy. This strategy specifically focuses on delivering profitable customer growth by significantly improving customer value, retention, and Return-on-Investment ("ROI"). In doing so, the Company will deliver reduced customer acquisition costs and improved customer retention rates.

AdRabbit continues execution of this strategy and is heavily focused on improving the usability and efficacy of its advertising and promotional campaign AI platform (AdRabbit). Pilot and preliminary testing has delivered positive results and the Company remains confident in its ability to add increasing value to its customers as it progresses its strategy.

The amount of SMBs subscribed to the platform as of December 31, 2021 was 1,351 compared to 3,879 in December 31, 2020.

AdRabbit had reduced its losses for the year ended 31 December 2021 to \$2,908,588 (2020: \$3,368,272). The 2021 loss included a non-cash share-based payment of \$216,297 (2020: \$249,060).

The deficit of the Group is \$1,858,181, compared to net assets \$163,366 at 31 December 2020.

As at 31 December 2021, the Group's cash and cash equivalents are \$116,891 compared to \$818,049 at 31 December 2020.

Shares Issuance

In February 2021, the company issued additional 5,454,545 shares at 0.086 per share, to raise \$457,881.

During 2021 the Company has entered into agreements to secured a funding round in total amount of \$2.25M in a premium price of \$0.04 (CAD \$0.05). An amount of \$1.05M was received during 2021 and the rest was received in 2022.

In February 2022 and upon the completion of the funding, conversion of \$2,082,000 principal amount (and certain accrued interest on such amount) under the Series B Convertible Loan have been released to the Company and \$168,000 principal amount (and accrued interest on such amount) remains outstanding and subject to conversion at a later date.

As part of the funding round the Company approved the issue and allotment of up to 78,262,709 CLA series A & B warrants and 78,262,709 CLA series A & B shares at a premium price of 0.04 (CAD \$0.05).

The KMPs 12.64 Fund, Mr Max Bluvband (Company's CEO) and Mr Zigmund Bluvband have participated in the funding round in total amount of \$1.25M and were allocated 31,905,989 shares and 31,905,989 amount of warrants.

Corporate Director Changes

On October 19, 2021 Yoav Ziv resigned as non-executive company director.

On October 19, 2021 Bahram Nor Omid resigned as non-executive company director and Chairman of the board.

On March 12, 2021 David Hwang from the Automic Group was appointed as Company Secretary and Andrew Whitten resigned from that role.

On June 23, 2021 Noah Hershcoviz was appointed as non-executive director and Chairman of the board.

On October 19, 2021 Konstantin Lichtenwald was appointed as non-executive director.

JARVIS

In June 2020, the Company launched JARVIS, an AI-based Facebook advertising campaign management agent for SMBs. JARVIS was developed to serve as a virtual marketing manager to enable SMBs to build and manage intelligent online advertising and promotion campaigns at a fraction of the cost of traditional human marketing managers which some SMBs may not be in a position to afford. Since its launch, the results of JARVIS have been shown to significantly improve Facebook advertising campaigns across several sectors in particular - retail, beauty and fitness. The Company has continued to work with SMBs to expand and improve the capabilities of JARVIS to deliver better results for customers, leading to a significantly improved customer ROI. JARVIS has been shown to significantly increase the number of new leads being generated for SMBs. Some Facebook campaigns have produced an increase in new leads versus leads generated through a standard approach. The strong early results and effectiveness of JARVIS increased the Company's focus on making sure that JARVIS would be available to as many SMBs as possible.

AdRabbit Limited
Directors' Report (Continued)
31 December 2021

Launch of AdRabbit, AdRabbit's artificial intelligence advertising agent for SMBs on social networks

AdRabbit launched the second generation of its advertising campaign management AI platform, AdRabbit, for intelligent automation of online advertising, from you mobile.

AdRabbit was launched to serve as a virtual marketing manager for SMBs, enabling intelligent management of online advertisements and promotional campaigns.

The algorithm leverages information from the SMBs existing social ads channel such as Facebook or Google and previous campaigns to construct bespoke future campaign parameters that will yield improved customer reach, call to actions and user conversion results including sales from your ecom site.

More specifically AdRabbit is intended to function as an automation of the full cycle of a digital advertising campaign for an SMB, from Ad creation through running the campaign and managing leads all from your mobile device. The following are the key service features of AdRabbit that are either currently available or planned for the commercial version:

- the Company has developed AdRabbit which offers an automated, tailored ad offering for the SMB category, including the type of offering, text and creatives, based on the particular vertical for each SMB (i.e., an SMB is not required to have a content marketing writer or a graphic designer with respect to ad creation, but can use AdRabbit's automated offering to suggest an appropriate design and promotion based on the applicable vertical);
- generate pre-made ad templates with dedicated content (text and images) and design or allow the user to upload its own creatives;
- template editor where the user can edit the template, text and graphics;
- campaign intent indicating the call to action in respect of the lead generation via various contact methods (Phone call, WhatsApp, Messenger & Contact forms);
- ad demographics recommendations;
- direct e-commerce integrations to user's e-commerce site, such as Shopify, WooCommerce, etc. (this feature is still in development and is subject to integration with these platforms in the future);
- budget recommendations based on the type of SMB (this feature is still in development);
- directing the SMB to the right social media and advertising platform that is most suitable for such SMB's particular vertical (still in development).
- easy stats and insights reports.

TSX Listing

On February 7, 2022 the Company's Ordinary Shares commenced trading on the TSX under the ticker symbol RAB. The Ordinary Shares will continue to trade on the ASX under the ticker RAB.

On 23 March, 2022 the Company submitted a formal application for delisting from the ASX.

AdRabbit Limited
Directors' Report (Continued)
31 December 2021

Events after the reporting period

Shares Issuance

During 2021 the Company has entered into agreements to secure a funding round in total amount of \$2.25M in a premium price of \$0.04 (CAD \$0.05). An amount of \$1.05M was received during 2021 and the rest was received in 2022.

In February 2022 and upon the completion of the funding, conversion of \$2,082,000 principal amount (and certain accrued interest on such amount) under the Series B Convertible Loan have been released to the Company and \$168,000 principal amount (and accrued interest on such amount) remains outstanding and subject to conversion at a later date.

As part of the funding round the Company approved the issue and allotment of up to 78,262,709 CLA series A & B warrants and 78,262,709 CLA series A & B shares at a premium price of \$0.04 (CAD \$0.05).

The KMPs 12.64 Fund, Mr Max Bluvband (Company's CEO) and Mr Zigmund Bluvband have participated in the funding round in total amount of \$1.25M and were allocated 31,905,989 shares and 31,905,989 number of warrants.

Advisory Warrants and Fees

During the reporting period, the Company engaged A-LABS on a non-exclusive financial advisory service intended to assist with the completion of the Company's investment round of up to \$2,000,000 by mean of an unsecured convertible loan agreements prior and contingent to the Company listing on the TSX. Upon the completion of the listing in the TSX and after receiving all the fund raising in the investment round, in consideration of its services, the Company shall pay or issue to A-LABS: (i) a cash commission in the amount of \$150,000; (ii) a monthly cash retainer of \$20,000; and (iii) subject to the shareholders' approval, Advisory warrants. Each Advisory warrant is exercisable into one share at an exercise price of \$0.01 until the second anniversary from the date of issuance.

On 3 February 2022, the Company has successfully completed the TSX listing and an amount of 3,792,000 Advisory warrants were issued, in a fair value of \$69,962.

Director's Options Plan

On January 24, 2022 The company's extraordinary general meeting approved the issuance of total 20,583,612 unlisted options with an exercise price of 0.06 each, vesting monthly on a pro-rata basis over a 3 years period and expiring 5 years from vesting. An amount of 19,828,155 options were issued on February 3, 2022.

There were no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

AdRabbit Limited
Directors' Report (Continued)
31 December 2021

Information on Directors

Max Bluvband	Executive Director and Chief Executive Officer appointed on 21 May 2019
Qualifications	Bachelor of Science in Computer Science from Netanya Academic College.
Experience	Max Bluvband is the Chief Executive Officer and co-founder of AdRabbit. Max is an entrepreneur with more than 18 years of experience and has founded multiple technology and mobile-focused companies. In these companies, Max has led fundraising rounds from angel investors and top-tier venture capitalists, such as Sequoia Capital, totaling more than 15 million (approximately A\$20.2 million) in funding. Max has also led merger and acquisition activity, sales and other strategic initiatives in his companies. Prior to co-founding AdRabbit, Max founded and served as the Chief Executive Officer of Silent Communication Ltd., a company that provides device and network agnostic mobile client solutions. He led all activities with Silent Communication Ltd., including multi-million dollar transactions with customers such as T-Mobile US (NASDAQ:TMUS), Sony (TYO:6758), Metro PCS, Alltel, Alcatel Lucent (Euronext: ALU), France Telecom (Euronext: ORA), A1, Ericsson (NASDAQ:ERIC), Sony Ericsson, Telecom Italia (BIT: TIT), MTS (MCX: MTSS) and Safaricom, among others.
Interest in Shares and Options at the date of this report	5,625,486 ordinary shares 1,108,457 unlisted options expiring on or before 5 years from the date of quotation on ASX 4,700,000 unlisted options expiring on or before 5 years from the date of quotation on ASX 9,240,714 unlisted options expiring 5 years from vesting 2,532,980 warrants expiring February 3, 2027
Directorships held in other listed entities (last 3 years)	Nil
Shahar Hajdu	Director appointed 3 October 2019 & Chief Technology Officer since Company's inception
Qualifications	Bachelor of Science in Computer Science cum laude from The Technion – Israel Institute of Technology.
Experience	Shahar Hajdu leads the research and development of AppsVillage's SaaS platform. Over the last 26 years, Shahar has gained extensive experience in software development, in industries ranging from communications to multimedia. Prior to co-founding AppsVillage, Shahar co-founded and served as the Chief Technology Officer of Silent Communication Ltd., a company that provides device and network agnostic mobile client solutions, working with mobile network operators, device manufacturers, and value-added service providers to rapidly expand deployment and revenue opportunities for mobile applications and services. There, Shahar lead the technology vision across Silent Communication Ltd's product line and worked with top-tier customer companies including T-Mobile US (NASDAQ: TMUS), Sony (TYO: 6758), MetroPCS, Alltel, Alcatel Lucent (Euronext: ALU), France Telecom (Euronext: ORA), A1, Ericsson (NASDAQ: ERIC), Sony Ericsson, Telecom Italia (BIT: TIT), MTS (MCX: MTSS) and Safaricom among others. Shahar was also a senior software developer and senior engineer at Elbit Systems Ltd. (TLV: ESLT), an international high technology company engaged in a wide range of defence, homeland security, and commercial programs.
Interest in Shares and Options at the date of this report	3,092,506 ordinary shares 1,108,457 unlisted options expiring on or before 5 years from the date of quotation on ASX 4,700,000 unlisted options expiring on or before 5 years from the date of quotation on ASX 9,240,714 unlisted options expiring 5 years from vesting
Directorships held in other listed entities (last 3 years)	Nil

AdRabbit Limited
Directors' Report (Continued)
31 December 2021

Noah Hershcoviz	Non-Executive Director appointed on 23 June 2021
Qualifications	Noah holds a BA and LLB from the IDC Herzeliya, Israel. He is a Chartered Accountant and an Attorney.
Experience	Mr. Noah Hershcoviz is a Co-Founder of A-Labs Finance and Advisory Ltd. And serves as its Managing Partner since 2017. Mr. Hershcoviz has a breadth of experience executing strategic transformation projects and complex transactions across multiple international IPO's, M&As, equity, debt, venture investments and financial restructuring transactions. He serves as Non-Executive Director of AppsVillage Australia Limited since June 22, 2021. He serves as Director at K.B. Recycling Industries Ltd. Since June 2021. Mr. Hershcoviz serves as Chief Financial Officer and Corporate Secretary at A-Labs Capital I Corp. and has been its Director since March 6, 2018. Mr. Hershcoviz serves as a Chief Financial Officer, Secretary at A-Labs Capital II Corp. and has been its Director since September 5, 2018. From 2016 to 2017, he served as Vice President of Strategy at Mobile Care Expert Systems. Noah resides in Tel Aviv.
Interest in Shares and Options at the date of this report	648,909 unlisted options expiring 5 years from vesting
Directorships held in other listed entities (last 3 years)	Noah serves as Director at K.B. Recycling Industries Ltd (TSX: AKMY) since June 2021
Konstantin Lichtenwald	Non-Executive Director appointed on 19 October 2021
Qualifications	Konstantin holds a Bachelor degree in business administrations, and is a CPA (CGA) – BC, Canada, ACCA (UK).
Experience	Konstantin has over 15 years of finance and accounting experience including corporate compliance, accounting and financial management, initial public offering and reverse takeover services. Konstantin has lived and worked in multiple Jurisdictions including Germany, Australia and Canada. Konstantin is a director of a number of publicly listed companies in Canada and assumes a number of CFO roles. Konstantin is based in Vancouver, British Colombia, Canada
Interest in Shares and Options at the date of this report	348,909 unlisted options expiring 5 years from vesting
Directorships held in other listed entities (last 3 years)	Nil
Andrew Whitten	Non-Executive Director and Company Secretary appointed on 10 June 2020. Resigned as Company secretary on 12 March 2021.
Qualifications	Bachelor of Arts (Economics) University of New South Wales, Master of Laws and Legal Practice, University of Technology Sydney. Graduate Diploma in Applied Corporate Governance, Governance Institute
Experience	Mr Whitten, who is based in Sydney, is a trained corporate lawyer, entrepreneur and investor. Andrew has worked with many companies and has significant expertise across a wide range of industry sectors, with an emphasis on technology.

Interest in Shares and	323,200 Ordinary Shares (via A&L Whitten Pty Ltd)
Options at the date of	223,200 Ordinary Shares (via Landrew Investments Pty Ltd)
this report	348,909 unlisted options expiring 5 years from vesting (via Landrew Investments Pty Ltd)
	500,000 unlisted options expiring 12 months from vesting

AdRabbit Limited
Directors' Report (Continued)
31 December 2021
Information on Directors (continued)

Yoav Ziv	Non-Executive Director appointed on 23 May 2019 resigned on 19 October 2021
Qualifications	Yoav holds an MBA from Ben Gurion University, Israel, and is a Computer Science and Economics graduate from Tel Aviv University, Israel.
Experience	Yoav Ziv is senior vice president and the General Manager of AT&T consumer, media and advertising for Amdocs Limited (Amdocs), a leading software and services provider to communications and media companies. Yoav resides in New York City. From 2015 to 2017, Yoav was the global head of the quality engineering services business unit within Amdocs. From 2013 to 2015, Yoav was the customer business executive responsible for the Amdocs business at a tier 1 pay T provider in New York. From 2010 to 2013, Yoav was VP of marketing and strategic services at Realization, a Silicon Valley technology and consulting firm specializing in project management technologies and practices. Prior to 2010, Yoav filled numerous roles in Amdocs in development, product management, sales, presales and operations management.
Interest in Shares and	250,000 unlisted options expiring 3 years from issue
Options at the date of	250,000 unlisted options expiring 1 year from vesting
this report	446,429 ordinary shares
Bahram Nour-Omid	Non-Executive Director and Chairman of the board appointed on 10 June 2020 resigned on 19 October 2021
Qualifications	Dr. Nour-Omid earned a B.S. from the University of London's Imperial College, and an M.S. in Structural Engineering, M.A. in Mathematics and Ph.D. in Computer Simulation from the University of California, Berkeley.
Experience	Dr. Nour-Omid has extensive executive leadership experience in the high-tech arena specifically with Enterprise Software Solutions companies such as CRM, Supply Chain Management Systems, and E-Commerce. Dr. Nour-Omid has been integrally involved in various aspects of running high-tech businesses including product design, engineering, marketing as well as operations both domestic and international. He began his career as a consulting scientist at the Lockheed Palo Alto Research Laboratory, in 1982, where he conducted and directed research in the field of Scientific and high-performance computing. In 1990, Dr. Nour-Omid co-founded Scopus Technology where he was the Chief Technology Officer and served as a member of the Board of Directors of the company. Nour-Omid was responsible for all the product development activities at Scopus while helping the company maintain uninterrupted profitability from its inception, through a highly successful IPO in 1995. In 1998 the company merged into Siebel Systems, Inc. and ultimately acquired by Oracle Corporation. In 1999 Dr. Nour-Omid Founded StudioXchange, Inc., a provider of production site, labor and equipment procurement services for the entertainment industry and served as Chairman and Chief Executive Officer. In 2000 StudioXchange was merged into iFilm and later acquired by MTV Networks. In 2000 Dr. Nour-Omid became a founding member of Shelter Capital Partners, LLC., a private Venture Capital firm with investments in Information Technology companies. While at Shelter, he lead the investments and served on the board of; u-Nav microelectronics, a GPS solution provider for the mobile location-based market, acquired by Atheros Communications (Nasdaq: ATHR now part of Qualcomm); Kryptiq, a provider of secure clinical messaging and patient portal technologies, acquired by SureScript, LLC; Integrated Decision Systems (IDS), an enterprise software solution for Managed Accounts Industry, acquired by CheckFree (Nasdaq: CKFR, now part of Fisrv); Mobileum,

Inc., a provider of software solutions for the global wireless carrier market acquired by Audax Private Equity.

AdRabbit Limited
Directors' Report (Continued)
31 December 2021

Information on Directors (continued)

In 2012 Dr. Nour-Omid assumed the Chairman and CEO role at Fuel Cycle, Inc. one of the portfolio companies of Shelter Capital, bringing the company back to growth and profitability to create a leading market research cloud that combines both qualitative and quantitative data to power real-time business decisions, where he remains as the executive chairman. In 2016 Dr. Nour-Omid became a founding member of Scopus Ventures a founder-focused early-stage venture capital firm with investments in the US and Israel. He is currently serving on the boards of AppsVillage, a provider of SaaS marketing solutions for SMBs; Aperio Systems, Inc., a continuous monitoring of industrial control systems; and Emperical, a provider of AI solutions for effective enterprise recruitment.

Interest in Shares and Options at the date of this report 700,000 unlisted options expiring 1 year from vesting
669,643 Ordinary Shares

Directorships held in other listed entities (last 3 years) None

David Hwang Company secretary, appointed on 12 March 2021
Qualifications Bachelor of Laws from UNSW

Experience David is an experienced corporate lawyer specialising in listings on ASX (IPOs and reverse listings), equity capital markets, mergers & acquisitions and providing advice on corporate governance and compliance issues. He is sought out for his expertise and guidance across a range of legal, governance and ASX compliance matters that are commonly considered by the Boards of unlisted (pre-IPO) and ASX listed entities at every stage of their growth, from listings, secondary raisings and strategic acquisitions or investments.

Interest in Shares and Options at the date of this report Nil

Meetings of Directors

Director	Status	Directors' Meetings		Audit and Risk Committee		Remuneration Committee	
		Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Max Bluvband	Appointed May 2019	7	6	-	-	-	-
Shahar Hajdu	Appointed October 2019	7	7	-	-	-	-
Noah Hershcoviz	Appointed June 2021	2	1	-	-	-	-
Konstantin Lichtenwald	Appointed October 2021	1	1	-	-	-	-
Andrew Whitten	Appointed June 2020	7	6	-	-	-	-
Bahram Nour Omid	Resigned October 2021	6	6	-	-	-	-
Yoav Ziv	Resigned October 2021	6	6	-	-	-	-

AdRabbit Limited
Directors' Report (Continued)
31 December 2021

Information on Directors (continued)

Committee membership

The Board has chosen not to establish an Audit and Risk Committee and a Remuneration committee. The Board considers that due to the relatively small size of the Company, the interests of the Company are best served by the full Board completing the functions normally delegated to an audit committee.

The processes that the Board employs to independently verify and safeguard the integrity of its corporate reporting include:

- reviewing and adopting the Company's quarterly, half year and annual report prior to release to shareholders and the ASX and TSX;
- overseeing the Company's relationship with the external auditor, the external audit function generally and ensuring the external audit engagement partner rotation is in accordance with the Corporations Code.
- overseeing the adequacy of the Company's financial risk management and internal controls.

Options

During the financial year, no options were exercised.

As of the reporting date, there were 10,447,494 options issued and at the date of this report, the company's extraordinary general meeting approved the issuance of total 20,583,612 options. An amount of 19,828,155 options were issued on February 3, 2022 (2020: 7,182,822). Refer to Note 17 of the financial statements for details on options issued during the financial year.

The holders of these options do not have any rights under the options to participate in any share issue of the Company or any other entity.

Proceedings on Behalf of Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnification and Insurance of directors and officers

The Group has indemnified the Directors and Executives of the Group for costs incurred, in their capacity as a director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to ensure the Directors and Executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Environmental Regulations

The Directors are not aware of any significant environmental issues affecting the Group or its compliance with relevant environmental issues affecting the Group or its compliance with relevant environmental agencies or regulatory authorities.

**AdRabbit Limited
Directors' Report (Continued)
31 December 2021**

Information on Directors (continued)

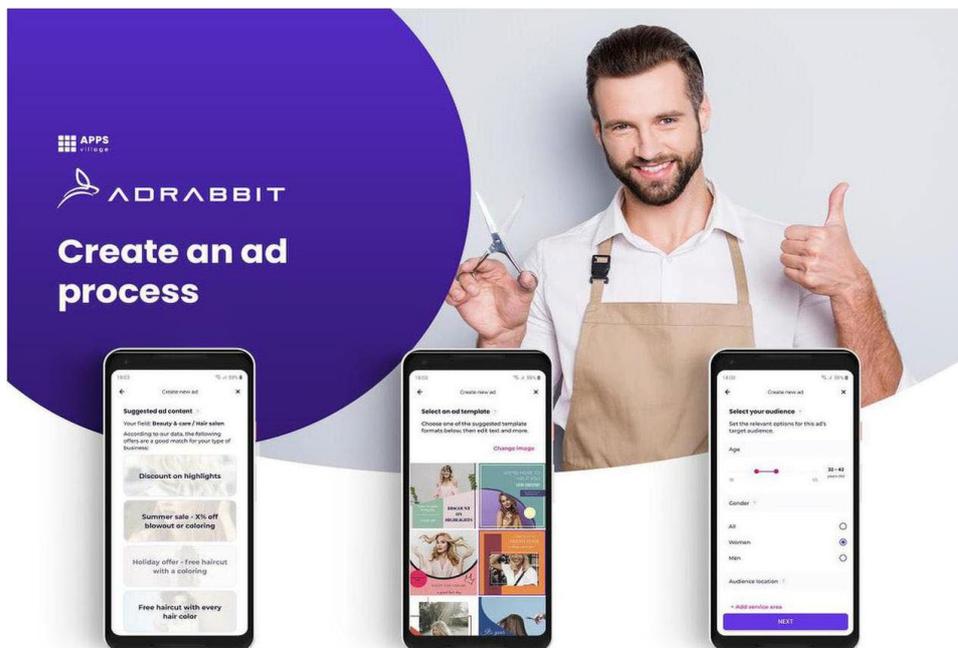
Likely Developments and Expected Results of Operations

AdRabbit launched the second generation of its advertising campaign management AI platform, AdRabbit, for intelligent automation of online advertising, from you mobile.

AdRabbit was launched to serve as a virtual marketing manager for SMBs, enabling intelligent management of online advertisements and promotional campaigns.

The algorithm leverages information from the SMBs existing social ads channel such as Facebook or Google and previous campaigns to construct bespoke future campaign parameters that will yield improved customer reach, call to actions and user conversion results including sales from your ecom site.

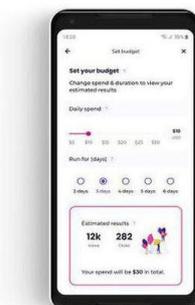
More specifically AdRabbit is intended to function as an automation of the full cycle of a digital advertising campaign for an SMB, from Ad creation through running the campaign and managing leads all from your mobile device.



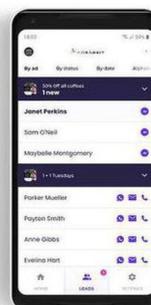
Choose tailored made offering for the specific users category

User choose premade template with ad and can edit it (both content and design) or can upload his own creatives

User choose demographics and ad contact method (Whatsapp, Phone call, Messenger or Landing page)



User gets budget recommendation for which social networks to run his ad



User receives leads directly to his mobile app



AdRabbit Limited
Directors' Report (Continued)
31 December 2021

Indemnification of Auditors

To the extent that is permitted by law, the Company has agreed to indemnify its auditors, BDO Audit (WA) Pty Ltd, as part of the terms of the agreement against claims by third parties arising from their report on the financial report. No payment has been made to indemnify BDO Audit (WA) Pty Ltd during or since the financial year.

Non-audit Services

The Company's auditor, BDO Audit (WA) Pty Ltd, has provided 0 (2020: \$0) in non-audit service and its network firm has provided \$5,000 in non-audit services to the Group during the year ended 31 December 2021 (2020: \$4,500).

Full details of their remuneration can be found within the financial statements at Note 6.

In the event that non-audit services are provided by BDO Audit (WA) Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise the auditor independence requirements of the *Corporations Act 2001*. These procedures include:

- non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and
- ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Auditor's Independence Declaration

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

This report is made in accordance with a resolution of Directors.

AdRabbit Limited
Directors' Report (Continued)
31 December 2021

Remuneration Report - Audited

The remuneration report for the year ended 31 December 2021 outlines the remuneration arrangements of the Group in accordance with the requirements of the *Corporations Act 2001* (Cth), as amended (Act) and its regulations. The information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Key management personnel covered in this report
2. Remuneration governance
3. Executive remuneration arrangements
4. Non-executive director fee arrangements
5. Details of remuneration
6. Additional disclosures relating to equity instruments
7. Loans to key management personnel (KMP) and their related parties
8. Other transactions and balances with KMP and their related parties
9. Voting of Shareholdings at last year's annual general meeting

1. Key management personnel covered in this report

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel. Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

Key management personnel covered in this report are as follows:

Name	Status	Appointed	Resigned
Noah Hershcoviz	Non-Executive Director and Chairman	23 June 2021	-
Max Bluvband	Executive Director and Chief Executive Officer since Company's inception	21 May 2019	-
Shahar Hajdu	Executive Director and Chief Technology Officer since Company's inception	3 October 2019	-
Konstantin Lichtenwald	Non-Executive Director	19 October 2021	-
Andrew Whitten	Non-Executive Director & Company Secretary	10 June 2020	-
Bahram Nour Omid	Non-Executive and Chairman	10 June 2020	19 October 2021
Yoav Ziv	Non-Executive Director	23 May 2019	19 October 2021
Other key management personnel			
Gidi Krupnik	Chief Financial Officer	1 January 2019	-
Moshe Cohen	Vice President of Business Development	1 June 2018	3 February 2022 (i)

(i) The Company terminated Moshe Cohen's agreement and is not considered to be a KMP from this date.

2. Remuneration governance

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with a Remuneration Committee Charter.

At this stage the Board does not consider the Group's earnings- or earnings-related measures to be an appropriate key performance indicator (KPI). In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed as well as measures such as successful completion of business development and corporate activities.

During the financial year, the Company did not engage any remuneration consultants.

Remuneration Report - Audited (Continued)

3. Executive remuneration arrangements

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to social benefits/superannuation funds. There is no performance-based remuneration.

The compensation of the executives is subject to the approval by the Board on a case-by-case basis.

Mr Max Bluvband

Mr Max Bluvband is the Co-Founder, Executive Director/ Chief Executive Officer (CEO). In July 2016, AppsVillage Israel entered into an executive agreement with Max Bluvband pursuant to which Mr Bluvband was appointed as the CEO.

A summary of the agreement is as follows:

- (a) (Term) Mr Bluvband's service commenced on 1 July 2016 and continues in full force and effect until terminated in accordance with the agreement.
- (b) (Salary): Mr Bluvband is paid a gross monthly salary of NIS 37,800 and superannuation and social benefits of NIS 7,900 (approximately US\$14,000 based on prevailing exchange rates) per month pursuant to the agreement. In July 2021, the gross monthly salary was updated to NIS 50,000.
- (c) (Events of Termination): the agreement is terminable by either party by 90 days' prior written notice but may be terminated immediately by AppsVillage Israel where Mr Bluvband commits a material breach of the agreement, including continued non-performance of his duties under the agreement.

The agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, non-competition and non-solicitation, confirmation of proprietary rights and other standard clauses.

Mr Shahar Hajdu

Mr Shahar Hajdu is the Co-Founder, Executive Director/Chief Technology Officer (CTO). In July 2016, AppsVillage Israel entered into an agreement with Mr Shahar Hajdu pursuant to which Mr Hajdu was appointed as the CTO.

A summary of the agreement is as follows:

- (a) (Term) Mr Hajdu's service commenced on 1 July 2016 and continues in full force and effect until terminated in accordance with the agreement.
- (b) (Salary): Mr Hajdu is paid a gross monthly salary of NIS 37,800 and superannuation and social benefits of NIS 7,300 (approximately US\$14,000 based on prevailing exchange rates) per month pursuant to the agreement. In July 2021, the gross monthly salary was updated to NIS 50,000.
- (c) (Events of Termination): the agreement is terminable by either party by 90 days' prior written notice but may be terminated immediately by AppsVillage Israel where Mr Hajdu commits a material breach of the agreement, including continued non-performance of his duties under the agreement.

The agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, non-competition and non-solicitation, confirmation of proprietary rights and other standard clauses.

AdRabbit Limited
Directors' Report
31 December 2021

Remuneration Report - Audited (Continued)

Mr Moshe Cohen

Mr Moshe Cohen is Vice President of Business Development. In June 2018, AppsVillage Israel entered into an agreement with Mr Moshe Cohen pursuant to which Mr Cohen was appointed as the Vice President of Business Development.

A summary of the agreement is as follows:

- (a) (Term) Mr Cohen's service commenced on 1 June 2018 and continues in full force and effect until terminated in accordance with the agreement.
- (b) (Salary): Mr Cohen is paid a monthly fee of \$6,000 per month pursuant to the agreement.
- (c) (Events of Termination): the agreement is terminable by either party by 90 days' prior written notice but may be terminated immediately by AppsVillage Israel where Mr Cohen commits a material breach of the agreement, including continued non-performance of his duties under the agreement.

The agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, non-competition and non-solicitation, confirmation of proprietary rights and other standard clauses.

The Company terminated Moshe Cohen's agreement on 3 February, 2022 and is not considered to be a KMP from this date.

Mr Gidi Krupnik

Mr Gidi Krupnik is Chief Financial Officer. In January 2019, AppsVillage Israel entered into an agreement with Mr Gidi Krupnik pursuant to which Mr Krupnik was appointed as the Chief Financial Officer.

A summary of the agreement is as follows:

- (a) (Term) Mr Krupnik's service commenced on January 1, 2019 and continues in full force and effect until terminated in accordance with the agreement.
- (b) (Salary): Mr Krupnik is paid an hourly fee of \$167 per hour pursuant to the agreement.
- (c) (Events of Termination): the agreement is terminable by either party by 30 days' prior written notice but may be terminated immediately by AppsVillage Israel where Mr Krupnik commits a material breach of the agreement, including continued non-performance of his duties under the agreement.

The agreement is prepared in accordance with, and is subject to, the laws of Israel and contains terms and conditions which are considered standard for an agreement of its nature, including those in relation to confidentiality, non-competition and non-solicitation, confirmation of proprietary rights and other standard clauses.

4. Non-executive director fee arrangements

The Board policy is to remunerate non-executive directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to non-executive directors.

The maximum aggregate amount of fees that can be paid to non-executive directors is presently limited to an aggregate of approximately \$342,000 (A\$500,000) per annum and any increase is subject to approval by shareholders. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, directors are encouraged to hold shares in the Company.

Total fees for non-executive directors for the financial year were \$168,405 (A\$216,342) and cover main Board activities only. Non-executive directors may receive additional remuneration for other services provided to the Group. All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

**AdRabbit Limited
Directors' Report
31 December 2021**

Remuneration Report - Audited (Continued)

5. Details of Remuneration

31 December 2021

	Short term salary, fees & commissions	Superannuation & social benefits	Non- monetary benefits	Bonus	Share- based payments (iii)	Total	Performance based remuneration	Remunera- tion consisting of options
	US\$	US\$	US\$	US\$	US\$	US\$	%	%
Executive Directors:								
Max Bluvband	163,129	43,351	35,133	-	100,285	341,898	-	29.3%
Shahar Hajdu	163,129	43,146	28,332	-	100,285	334,892	-	29.3%
Non-Executive Directors:								
Noah Hershcoviz (ii)	22,589	-	-	-	107	22,696	-	0.5%
Konstantin Lichtenwald(ii)	9,399	-	-	-	33	9,432	-	0.4%
Bahram Nour Omid (i)	54,641	-	-	-	-	54,641	-	-
Yoav Ziv (i)	34,685	-	-	-	-	34,685	-	-
Andrew Whitten	41,355	-	-	-	5,596	46,951	-	11.9%
Other KMP:								
Moshe Cohen	66,303	-	-	-	-	66,303	-	-
Gidi Krupnik	75,958	-	-	-	-	75,958	-	-
Total	631,188	86,497	63,465	-	206,306	987,456	-	71.4%

- (i) Mr Yoav Ziv and Mr Bahram Nour Omid resigned on 19 October 2021. They are not considered to be a KMP from these dates.
In January 2021 an amount of \$94,728 directors fee was settled in issuance of 1,116,072 company's shares.
- (ii) Mr Konstantin Lichtenwald appointed on 19 October 2021, Mr Noah Hershcoviz appointed on 23 June 2021.
- (iii) An amount of \$1,425 share-based payments were subject to the shareholders meeting that was approved on 24 January 2022.

**AdRabbit Limited
Directors' Report
31 December 2021**

Remuneration Report - Audited (Continued)

31 December 2020

	Short term salary, fees & commissions	Superannuation & social benefits	Non- monetary benefits	Bonus	Share-based payments	Total	Performance based remuneration
	US\$	US\$	US\$	US\$	US\$	US\$	%
Executive Directors :							
Max Bluvband	131,769	35,037	31,109	-	-	197,915	-
Shahar Hajdu	131,769	35,420	26,699	-	-	193,888	-
Non-Executive Director							
Yoav Ziv	41,330	-	-	-	-	41,330	-
Bahram Nour Omid (i)	42,000	-	-	-	-	42,000	-
Andrew Whitten (i)	28,931	-	-	-	-	28,931	-
Leanne Graham (ii)	13,777	-	-	-	-	13,777	-
Jonathan Hart (ii)	18,369	-	-	-	-	18,369	-
Other KMP							
Moshe Cohen (i)	72,204	-	-	-	-	72,204	-
Gidi Krupnik	73,728	-	-	-	-	73,728	-
Total	553,877	70,457	57,808	-	-	682,142	-

(i) Mr Nour Omid appointed on 10 June 2020, Mr Whitten appointed on 10 June 2020.

(ii) Mrs Graham resigned on 10 June 2020, Mr Hart resigned on 10 June 2020.

They are not considered to be a KMP from these dates.

6. Additional disclosures relating to equity instruments

The number of ordinary shares in AdRabbit Limited held by KMP of the Group during the financial year are as follows:

31 December 2021

	Balance at start of the year	Shares issued during the year (iii)	Other changes during the year	Balance at end of the year
Directors				
Max Bluvband	3,092,506	-	-	3,092,506
Shahar Hajdu	3,092,506	-	-	3,092,506
Noah Hershcoviz (ii)	-	-	-	-
Konstantin Lichtenwald (ii)	-	-	-	-
Bahram Nour Omid (i)	2,624,669	2,008,928	-	4,633,597
Yoav Ziv (i)	40,000	446,429	-	486,429
Andrew Whitten	100,000	446,400	-	546,400
Other KMP				
Gidi Krupnik	-	-	-	-
Moshe Cohen	7,979,261	2,809,855	-	10,789,116
Total	16,928,942	5,711,612	-	22,640,554

(i) Mr Yoav Ziv and Mr Bahram Nour Omid resigned on 19 October 2021. They are not considered to be a KMP from these dates and the balance at the end of the year represent the outstanding shares as of the date of the resignation.

In January 2021 an amount of \$94,728 directors fee was settled in issuance of 1,116,072 company's shares

(ii) Mr Konstantin Lichtenwald appointed on 19 October 2021, Mr Noah Hershcoviz appointed on 23 June 2021.

(iii) Shares issued during the year reflects on market sales/on market purchases.

**AdRabbit Limited
Directors' Report
31 December 2021**
Remuneration Report - Audited (Continued)
KMP Option Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

31 December 2021

	Balance at start of the year	Granted as remuneration	Exercised during the year	Options subject to shareholder's approval (iii)	Other changes during the year	Balance at end of the year	Vested and exercisable	Unvested and unexercisable
Executive Directors								
Max Bluvband	10,295,957	4,700,000	-	9,240,714	(9,187,500)	15,049,171	1,718,553	13,330,618
Shahar Hajdu	10,295,957	4,700,000	-	9,240,714	(9,187,500)	15,049,171	1,718,553	13,330,618
Non-Executive Directors								
Noah Hershcoviz (ii)	-	-	-	648,909	-	648,909	-	648,909
Konstantin Lichtenwald(ii)	-	-	-	348,909	-	348,909	-	348,909
Bahram Nour-Omid (i)	-	700,000	-	-	-	700,000	-	700,000
Yoav Ziv (i)	250,000	250,000	-	-	-	500,000	-	500,000
Andrew Whitten	-	500,000	-	348,909	-	848,909	-	848,909
Other KMP								
Gidi Krupnik	-	-	-	-	-	-	-	-
Moshe Cohen	3,375,000	454,546	-	-	(2,625,500)	1,204,046	1,204,046	-
Total	24,216,914	11,304,546	-	19,828,155	(21,000,500)	34,349,115	4,641,152	29,707,963

- (i) Mr Yoav Ziv and Mr Bahram Nour Omid resigned on 19 October 2021. They are not considered to be a KMP from these dates and the balance at the end of the year represent the outstanding shares as of the date of the resignation.
- (ii) Mr Konstantin Lichtenwald appointed on 19 October 2021, Mr Noah Hershcoviz appointed on 23 June 2021.
- (iii) As of December 31, 2021 options are subject to the shareholders' approval. The shareholder's approval was given on January 24, 2022. On February 3, 2022 an amount of 19,828,155 options were issued.

Options do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

KMP Warrants Holdings

The number of warrants over ordinary shares held by each KMP of the Group during the financial year is as follows:

31 December 2021

	Balance at start of the year	Granted as remuneration	Exercised during the year	Warrants issued during the year	Other changes during the year	Balance at end of the year	Vested and exercisable	Unvested and unexercisable
Executive Directors								
Max Bluvband	-	-	-	-	-	-	-	-
Shahar Hajdu	-	-	-	-	-	-	-	-
Non-Executive Directors								
Yoav Ziv	-	-	-	-	-	-	-	-
Konstantin Lichtenwald	-	-	-	-	-	-	-	-
Noah Hershcoviz	-	-	-	-	-	-	-	-
Bahram Nour Omid	-	-	-	-	-	-	-	-
Andrew Whitten	-	-	-	-	-	-	-	-
Other KMP								
Gidi Krupnik	-	-	-	-	-	-	-	-
Moshe Cohen	300,000	-	-	-	-	300,000	300,000	-
Total	300,000	-	-	-	-	300,000	300,000	-

**AdRabbit Limited
Directors' Report
31 December 2021**

Remuneration Report - Audited (Continued)

Warrants do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

Terms and conditions of the share-based payment arrangements

Directors' options

Options	Executives Options (i)	Company's Stock Option Plan (ii)	Directors Options (iii)
Number of options	9,400,000	1,450,000	19,828,155
Grant date	29 March 2021	29 March 2021	24 January 2021
Issue date	24 June 2021	24 June 2021	3 February, 2022
Exercise price AUD \$	0.16	0.16	0.06
Expected volatility	120%	120%	100%
Vesting date	On a monthly basis over 4 years starting 26 June 2021	24 June 2021	On a monthly basis over 3 years starting 24 January 2022
Implied option life	5 years from vesting	1 year from vesting	5 years from vesting
Conditions	Conditional on continued service of the holder	Vesting 2 years from issue; or on a change of control event which results in a change of 50% or more of the voting shares	Conditional on continued service of the holder
Expected dividend yield	Nil	Nil	Nil
Risk free rate	0.67%-1.57%	0.10%	1.34%-1.55%
Valuation per option AUD \$	varies	0.044	varies
Exchange rate	0.761	0.761	0.7266
Valuation method	Black Scholes	Black Scholes	Black Scholes
Valuation per option USD \$	varies	0.033	varies

(i) Included options to Max Bluvband (4,700,000) and Shahar Hajdu (4,700,000).

(ii) Included options to the directors Bahram Nour-Omid (700,000), Yoav Ziv (250,000) whom resigned on 19 October 2021 and to Andrew Whitten (500,000).

(iii) As of 31 December 2021, was subject to the shareholders' approval that was given on January 24, 2022. An amount of 19,828,155 options were issued on February 3, 2022 to Max Bluvband (9,240,714), Shahar Hajdu (9,240,714), Noah Hershcoviz (648,109), Konstantin Lichtenwald (348,909) and Andrew Whitten (348,909).

Performance options

No performance options were granted during 2021 to Directors and other key management personnel.

7. Loans from key management personnel (KMP) and their related parties

During 2021 the Company has entered into agreements to secured a funding round in total amount of \$2.25M in a premium price of \$0.04 (CAD \$0.05). An amount of \$1.05M was received during 2021 and the rest was received in 2022.

In February 2022 and upon the completion of the funding, conversion of \$2,082,000 principal amount (and certain accrued interest on such amount) under the Series B Convertible Loan have been released to the Company and \$168,000 principal amount (and accrued interest on such amount) remains outstanding and subject to conversion at a later date.

As part of the funding round the Company approved the issue and allotment of up to 78,262,709 CLA series A & B warrants and 78,262,709 CLA series A & B shares at a premium price of \$0.04 (CAD \$0.05).

The KMPs 12.64 Fund, Mr Max Bluvband (Company's CEO) and Mr Zigmund Bluvband have participated in the funding round in total amount of \$1.25M and were allocated 31,905,989 shares and 31,905,989 amount of warrants.

In 2020 No loans are noted between the Group and key management personnel and their related parties.

**AdRabbit Limited
Directors' Report
31 December 2021**

Remuneration Report - Audited (Continued)

8. Other transactions and balances with KMP and their related parties

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions.

Related parties of the Group's key management personnel are as follows:

Mr Zigmund Bluvband – Executive Director and CEO Max Bluvband's Father

Mrs Hagit Bluvband – Executive Director and CEO Max Bluvband's wife

Pearl Cohen Zedek Latzer Baratz – CEO's sister Anna Moshe is a partner of this legal firm

12.64 Fund (A-Labs group fund) – shareholders and Noah Hershcoviz's related party

AdRabbit Limited

Directors' Report,

Remuneration Report - Audited (Continued)

The Group has transactions with members of the Group's key management personnel and/or their related parties during the year as follows:

8(a) Share holdings by KMP related parties

As of December 31, 2021 no shareholding by KMP related parties.

In January 2021 an amount of \$94,728 directors fee to Yoav Ziv and Bahram Nour Omid was settled in issuance of 1,116,072 company's shares. They both resigned on 19 October 2021 and are not considered to be a KMP from this date.

After the reporting date, the KMPs 12.64 Fund, Mr Max Bluvband (Company's CEO) and Mr Zigmund Bluvband have participated in the funding round in total amount of \$1.25M and were allocated 31,905,989 shares and 31,905,989 amount of warrants. Furthermore, A-Labs were granted 3,792,000 as an advisory service fee for the above-mentioned funding round.

8(b) Options Holdings by KMP Related Parties

31 December 2021

	Balance at start of the year	Granted as remuneration	Balance at the end of the year
Hagit Bluvband	229,052	-	229,052
Pearl Cohen Legal	193,282	-	193,282
Total	422,334	-	422,334

8(c) Details of remuneration

31 December 2021

	Short term salary, fees & commissions US\$	Superannuation & social benefits US\$	Non-Monetary benefits US\$	Total US\$
Hagit Bluvband	96,520	17,178	27,053	140,751
Pearl Cohen Legal(i)	23,491	-	-	23,491
Total	120,011	17,178	27,053	164,242

(i) This is the fee paid to Pearl Cohen Legal for legal consult service in 2021. The terms of the agreement is on an arm's length basis.

**AdRabbit Limited
Directors' Report
31 December 2021**

Remuneration Report - Audited (Continued)

9. Voting of shareholders at last year's annual general meeting

The Company received 99.48% "Yes" Votes cast on its Remuneration Report for the 2020 financial year.
The company did not receive any specific feedback at the annual general meeting regarding its remuneration practices.

This is the end of the audited remuneration report

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



Mr Max Bluvband
Chief Executive Officer

Tel Aviv, 31 March 2022

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF ADRABBIT LIMITED

As lead auditor of AdRabbit Limited for the year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of AdRabbit Limited and the entities it controlled during the period.



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth, 31 March 2022

AdRabbit Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2021

	Note	2021 US\$	2020 US\$
Revenue from contracts with customers	2	406,883	992,832
Operating expenses			
Cost of revenues – commissions		(35,835)	(106,086)
Research and development		(1,121,692)	(790,227)
Selling and marketing		(435,943)	(2,171,520)
General and administrative		(1,434,343)	(1,024,874)
Share-based payments	16	(216,297)	(249,060)
Listing and registration expenses		-	-
Loss before finance expenses		(2,837,227)	(3,348,935)
Finance income	3	-	9,310
Finance expense	3	(61,967)	(25,657)
Loss before income tax		(2,899,194)	(3,365,282)
Income tax expense	4	-	-
Loss for the year		(2,899,194)	(3,365,282)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation reserve	16(c)	(9,394)	(2,990)
Total comprehensive loss for the year attributable to owners of the Company		(2,908,588)	(3,368,272)
Loss per share attributable to owners of the Company			
Basic/diluted loss per share (cents per share)	7	(0.03)	(0.04)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

AdRabbit Limited
Consolidated Statement of Financial Position
As at 31 December 2021

	Note	2021 US\$	2020 US\$
CURRENT ASSETS			
Cash and cash equivalents	8	116,891	818,049
Restricted cash	9	43,819	44,772
Trade and other receivables	10	171,012	116,578
TOTAL CURRENT ASSETS		331,722	979,399
NON-CURRENT ASSETS			
Plant and equipment		8,476	14,121
Right- of- use assets		21,895	46,920
TOTAL NON-CURRENT ASSETS		30,371	61,041
TOTAL ASSETS		362,093	1,040,440
CURRENT LIABILITIES			
Trade and other payables	11	904,716	522,224
Employee provisions	12	176,389	154,116
Borrowings	13	1,060,110	-
Contract liability	14	58,187	153,659
Lease liabilities		20,872	27,268
TOTAL CURRENT LIABILITIES		2,220,274	857,267
NON-CURRENT LIABILITIES			
Lease liabilities		-	19,807
TOTAL NON-CURRENT LIABILITIES		-	19,807
TOTAL LIABILITIES		2,220,274	877,074
NET ASSETS/ (LIABILITIES)		(1,858,181)	163,366
SHAREHOLDERS' EQUITY (DEFICIT)			
Issued capital	15	10,258,780	9,588,036
Reserves	16	1,405,511	1,198,608
Accumulated losses		(13,522,472)	(10,623,278)
SHAREHOLDERS' EQUITY (DEFICIT)		(1,858,181)	163,366

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

AdRabbit Limited
Consolidated Statement of Changes in Equity
As at 31 December 2021

	Issued Capital	Accumulated losses	Share-based payment reserve	Foreign Currency Translation Reserve	Predecessor accounting reserve	Total
	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 January 2020	7,967,290	(7,257,996)	951,397	160,343	(159,202)	1,661,832
Loss for the year	-	(3,365,282)	-	-	-	(3,365,282)
Other comprehensive income	-	-	-	(2,990)	-	(2,990)
Total comprehensive Income (loss) for the year	-	(3,365,282)	-	(2,990)	-	(3,368,272)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares – Note 15	1,800,159	-	-	-	-	1,800,159
Capital raising costs –Note 15	(179,413)	-	-	-	-	(179,413)
Share based payments –Note 17	-	-	249,060	-	-	249,060
Balance at 31 December 2020	9,588,036	(10,623,278)	1,200,457	157,353	(159,202)	163,366
Balance at 1 January 2021	9,588,036	(10,623,278)	1,200,457	157,353	(159,202)	163,366
Loss for the year	-	(2,899,194)	-	-	-	(2,899,194)
Other comprehensive income	-	-	-	(9,394)	-	(9,394)
Total comprehensive Income(loss) for the year	-	(2,899,194)	-	(9,394)	-	(2,908,588)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares– Note 15	670,744	-	-	-	-	670,744
Capital raising costs	-	-	-	-	-	-
Share based payments –Note 17	-	-	216,297	-	-	216,297
Balance at 31 December 2021	10,258,780	(13,522,472)	1,416,754	147,959	(159,202)	(1,858,181)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

AdRabbit Limited
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2021

	Note	2021 US\$	2020 US\$
CASH FLOWS USED IN OPERATING ACTIVITIES			
Receipts from customers		311,412	798,761
Payments to suppliers and employees		(2,696,207)	(4,170,025)
Listing and registration expenses		(30,693)	-
Interest paid		(7,897)	(5,783)
Net used in operating activities	8(b)	(2,423,386)	(3,377,047)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(1,498)	(9,399)
Net used in investing activities		(1,498)	(9,399)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of shares	14	708,053	1,769,970
Transaction costs related to issues of shares		-	(179,413)
Investments in restricted cash		953	(16,549)
Repayment of lease liability		(27,458)	(22,578)
Proceeds from borrowings	13	1,050,000	-
Net cash provided from financing activities		1,731,548	1,551,430
Net increase (decrease) in cash and cash equivalents		(693,336)	(1,835,016)
Cash and cash equivalents at the beginning of the financial year		818,049	2,662,198
Impact of movement in foreign exchange rates		(7,822)	(9,133)
Cash and cash equivalents at the end of the financial year	8	116,891	818,049

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Non- cash Investing Activities:

Right of Use Asset acquisition \$22,761

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements cover AdRabbit Limited (Company) and its controlled entity (also referred to as Group).

AdRabbit Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The nature of operations and principal activities of the Company are described in the Directors' report.

Basis of preparation of the financial report

a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

b) Basis of Measurement

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements are presented in United States Dollars (US\$) and all values are rounded to the nearest dollar unless stated otherwise.

c) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for year ended 31 December 2021 of \$2,899,194 (2020: \$3,365,282) and net cash outflows from operating activities of \$2,423,386 (2020: \$3,377,047), as of 31 December 2021 total net assets of \$1,858,181 and a negative working capital of \$1,888,552.

In context of this operating environment, the ability of the Group to continue as a going concern is dependent on securing additional funding through debt or equity to continue to fund its operational and marketing activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that there will be sufficient funds available to continue to meet the Group's working capital requirements as at the date of this report and that sufficient funds will be available to finance the operations of the Group for the following reasons:

- the Directors have assessed the likely cash flow for the 12-month period from the date of signing this financial report and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements as at the date of this report;
- the Group has recently been successful in raising equity and subsequent to the reporting date has completed a fund raising in a total amount of \$2.25M. The funds were secured in convertible loan agreements and in February 2022, conversion of \$2,082,000 principal amount (and certain accrued interest on such amount) under the Series B Convertible Loan have been released to the Company and \$168,000 principal amount (and accrued interest on such amount) remains outstanding and subject to conversion at a later date (please refer to note 24);
- the level of expenditure can be managed; and
- the Directors also have reason to believe that in addition to the cash flow currently available, additional funds from receipts are expected through the provision of the Group's services.

AdRabbit Limited**Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements or raise additional capital through equity or debts raisings and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern and meet its debts as and when they become due and payable. The directors plan to continue the Group's operations on the basis as outlined above and believe there will be sufficient funds for the Group to meet its obligations and liabilities for at least twelve months from the date of this report.

d) Principles of Consideration

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls as investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group, and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss Accumulated losses as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

e) Income Tax

Current income tax expense charged to the profit or loss is tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax expense reflects movements in the deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

When temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

f) Financial Instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and subsequent measurement

(i) Receivables

Trade receivables are measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 0 - 60 days.

(ii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through amortisation process and when the financial liability is derecognised.

Derivative instruments

The Group does not trade or hold derivatives.

Financial guarantees

The Group has no material financial guarantees.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flow expires, or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised on profit or loss.

g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

h) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 0 - 60 days. The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments, where substantially all the risk and benefits remain with the lessor, are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate
- Amount expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for termination the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use of assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs
- Restoration cost

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low-value asset comprise IT equipment and small items of office furniture.

j) Revenue Recognition

The Group provides an online platform that enables users to create applications using their Facebook ('FB') pages and generates revenue primarily from services related to such applications.

The Group recognises revenue when the customer obtains control over the promised services. The revenue is measured according to the amount of the consideration to which the Group expects to be entitled in exchange for the services promised to the customer, other than amounts collected for third parties.

Identifying the contract

The Group accounts for a contract with a customer only when the following conditions are met:

- (a) The parties to the contract have approved the contract (in writing, orally or according to other customer business practices) and they are committed to satisfying the obligations attributable to them;
- (b) The Group can identify the rights of each party in relation to services that will be transferred;
- (c) The Group can identify the payment terms for the service that will be transferred;
- (d) The contract has a commercial substance (i.e. the risk, timing and amount of the entity's future cash flows are expected to change as a result of the contract); and
- (e) It is probable the consideration, to which the Group is entitled to in exchange for its services transferred to customer, will be collected.

For the purposes of paragraph (e) the Group examines, inter alia, the percentage of the advance payments received and the spread of the contractual payments, past experience with the customer and the status and existence of sufficient collateral.

If a contract with a customer does not meet all the above criteria, consideration received from the customer is recognised as a contract liability until the criteria are met or when one of the following events occurs; the Group has no remaining obligation to transfer services to the customer and any considerations promised by the customer has been received and cannot be returned; or the contract has been terminated and the consideration received from the customer cannot be refunded.

Identifying Performance Obligations

On the contract's inception date, the Group assesses the services promised in the contract with the customer and identifies as a performance obligation any promise to transfer to the customer one of the following:

- (a) Services that are distinct; or
- (b) A series of distinct services that are substantially the same and have the same pattern of transfer to the customer.

The Group identifies services promised to the customer as being distinct when the customer can benefit from the services on their own or in conjunction with other readily available resources and the Group's promise to transfer the services to the customer is separately identifiable from other promises in the contract.

Determining the transaction price

The transaction price is the amount of the consideration to which the Group expects to be entitled in exchange for the services promised to the customer, other than amounts collected for third parties.

Satisfaction of performance obligations

Revenue is recognised overtime when the Group satisfies a performance obligation by transferring control over promised services to the customer.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Revenue Recognition

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

l) Research and development expenses

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group has intention and sufficient resources to complete development and to use or sell the asset.

As of 31 December 2021, the Group does not meet the conditions to capitalise any development expenditure, therefore, all expenditure was recognised in profit or loss as incurred.

m) Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

n) Depreciation

Depreciation is a systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of the asset, less its residual value.

An asset is depreciated from the date it is ready for use, meaning the date it reaches the location and condition required for it to operate in the manner intended by management.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the fixed asset item, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets.

The estimated useful lives for the current and comparative periods are as follows:

- Computer and software 33%

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

o) Goods and Services Tax (GST)/Value Added Tax (VAT)

Revenues, expenses, and assets are recognised net of the amount of GST/VAT, except where the amount of GST/VAT incurred is not recoverable.

Receivable and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of the GST/VAT recoverable from, or payable to, the tax authorities is included with other receivables and payables in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST/VAT component of investing and financing activities, which are disclosed as operating cash flows.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Employee Benefits

Post-employment benefits

The liability for severance pay is in accordance its obligations under Israeli employment law (Section 14 of the Severance Compensation Act, 1963). All Israel based employees are included under Section 14, and are entitled only to monthly deposits, at a rate of 8.33% of their monthly salary, made in the employee's name with insurance companies or pension funds. Under Israeli employment law, payments in accordance with Section 14 release the employer from any future severance payments.

The funds are made available to the employee at the time the employer-employee relationship is terminated, regardless of the cause of termination. The severance pay liabilities and deposits under Section 14 are not reflected in the statements of financial position as the severance pay risks have been irrevocably transferred to the insurance companies or pension funds.

Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided or upon the actual absence of the employee when the benefit is not accumulated.

The employee benefits are classified, for measurement purposes, as short-term benefits or as other long-term benefits depending on when the Group expects the benefits to be wholly settled.

q) Equity-settled compensation

The Group measures the share-based expense and the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes option valuation model which takes into account the terms and conditions upon which the instruments are granted.

r) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

t) Convertible notes

The financial instruments are only deemed to be convertible instruments upon shareholder approval being obtained. After which notes automatically convert to shares in the Company upon a M&A or listing event or upon maturity. In such event the entire note fails the equity classification and is recognised as a financial liability at fair value through profit or loss due to the underlying terms and conditions.

u) Equity and reserves

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. The Share-based payment reserve records the cost of share-based payments.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Foreign currency transactions and balances

Functional and presentation currency

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in US dollars which is the subsidiary's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised other comprehensive Income; otherwise the exchange difference is recognised in profit or loss.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period which the operation is disposed of.

s) Segment information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

t) Share based payments

Share-based payments are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The fair value of options is determined using the Black Scholes option valuation model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

For performance options with non-market based vesting conditions, at each reporting date, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with a corresponding adjustment to the option reserve.

u) Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing:

- the profit/(loss) attributable to member of the parent entity, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year (if any).

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Diluted earnings/(loss) per share adjusts the figures used in the determination of basic earnings/(loss) per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

v) Predecessor Accounting

Business combinations involving entities under capital reorganisation are accounted for using the predecessor accounting method. Under this method;

- Carrying values are not restated in the accounts of the acquiring entity, rather prior book values are maintained. As a result, no fair value adjustments are recorded on the acquisition; and
- The carrying value of net assets or liabilities acquired is recorded as a separate element of equity.

w) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates and judgements

Share based payments

The Group initially measures the cost of equity-settled transactions with employees, KMP and directors by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant.

This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them, as well as an assessment of the probability of achieving non-market-based vesting conditions.

The Directors make estimates and judgements in preparing the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events based and are based on current trends and economic data, obtained both externally and within the Group.

COVID – 19

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic. On 31 December 2021 the Group has reassessed all significant judgements and estimates included in the 31 December 2021 financial result and position, including but not limited to, provisions against debtors, impairment of non-current assets, and other provisions and estimates.

AdRabbit Limited
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For the Year Ended 31 December 2021

NOTE 2: REVENUE

The Group operates in one operating segment. In the following table sales are attributed to geographic distribution based on the location of the customer:

	2021 US\$	2020 US\$
Israel	5,992	17,160
United States	348,261	534,176
Other countries	52,630	441,496
Total revenue to external customers	406,883	992,832

Total revenues in both financial years are generated from provision of services that allow small-to-medium businesses to create and manage their own mobile application as a means of connecting with their customers and growing their business. The revenue is recognised over time in both periods

Disaggregation of revenue

2021	2021 US\$	2020 US\$
Revenue recognition at a point in time	-	56,011
Over time	406,883	936,821
	406,883	992,832

NOTE 3: EXPENSES

	2021 US\$	2020 US\$
Loss before income tax from continuing operations includes the following specific expenses:		
Payroll and related expenses	1,348,979	1,119,210
Professional services	562,965	383,089
Depreciation of plant and equipment	7,144	5,394
Depreciation of right of usage asset	25,762	24,031
Exchange rate differences	44,833	11,503
Finance expenses:		
- Interest income	(117)	(9,310)
- Interest expenses	62,084	25,657
Total finance expenses	61,967	16,347
Share based payments expense	216,297	249,060

During the period the Group undertook several share-based payment transactions which are detailed in Note 17.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 4: INCOME TAX

The financial accounts for the year ended 31 December 2020 comprise the results of AppsVillage Australia Limited and AppsVillage Israel. The legal parent is incorporated and domiciled in Australia where the applicable tax rate is 26% (2020: 27.5%). The applicable tax rate in Israel is 23% (2020: 23%).

a) Income tax expense

	2021 US\$	2020 US\$
Current tax	-	-
Deferred tax	-	-
	-	-

b) The income tax expense for the year can be reconciled to the accounting loss as follows:

	2021 US\$	2020 US\$
Loss for the year before tax	(2,899,194)	(3,365,282)
Tax at the Australian tax rate of 26%	(753,790)	(925,453)
Effect of different tax rate of group entities operating in a different jurisdiction	66,914	143,093
Effect of expenses that are not deductible in determining taxable income	62,028	85,071
Effect of unused tax losses not recognised as deferred tax assets	624,848	697,289
	-	-

Tax losses

Unused tax losses for which no deferred tax asset has been recognised will be subject to the Group satisfying the requirements imposed by regulatory taxation authorities. The benefits of deferred tax assets will only be recognised if:

- Future assessable income is derived of a nature of an amount sufficient to enable the benefit to be realised.
- The condition for deductibility imposed by tax legislation continues to be complied with; and
- No changes in tax legislation adversely affect the Group in realising the benefit.

c) Deferred tax losses not recognised at reporting date

	2021 US\$	2020 US\$
Deferred tax assets not recognised at the reporting date		
Unused tax losses	3,278,848	2,647,909

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 5: RELATED PARTY TRANSACTIONS

a) Key Management Personnel Compensation

The totals of remuneration paid to KMP during the year are as follows:

	2021 US\$	2020 US\$
Short term salary and fees	631,188	553,877
Social benefits	86,497	70,457
Non-Monetary benefits	63,465	57,808
Share based payments	206,306	-
Total KMP Compensation	987,456	682,142

b) Other transactions

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions.

Related parties of the Group's key management personnel are as follows:

Mr Zigmund Bluvband – CEO's Father

Mrs Hagit Bluvband – CEO's Wife

Pearl Cohen Zedek Latzer Baratz – CEO's sister Anna Moshe is a partner of this legal firm

12.64 Fund (A-Labs group fund) – shareholders and Noah Hershcoviz's related party

The Group has transactions with members of the Group's key management personnel and/or their related parties during the year as follows:

In January 2021 an amount of \$94,728 directors fee to Yoav Ziv and Bahram Nour Omid was settled in issuance of 1,116,072 company's shares. They both resigned on 19 October 2021 and are not considered to be a KMP from this date.

After the reporting date:

The KMPs 12.64 Fund, Mr Max Bluvband (Company's CEO) and Mr Zigmund Bluvband have participated in the funding round in total amount of \$1.25M and were allocated 31,905,989 shares and 31,905,989 amount of warrants, see Note 24.

A-Labs were granted 3,792,000 as an advisory service fee for the above-mentioned funding round, see Note 24.

b (1) Share holdings by KMP related parties

As of December 31, 2021 no shareholding by KMP related parties.

31 December 2020

	Balance at start of the year	Granted as remuneration	Other changes during the year(i)	Balance at end of the year
Zigmund Bluvband	449,283	-	(449,283)	-
Total	449,283	-	(449,283)	-

(i) Other changes during the year reflects on market sales / on market purchases.

b (2) Options Holdings by KMP Related Parties

31 December 2021

	Balance at start of the year	Granted as remuneration	Balance at the end of the year
Hagit Bluvband	229,052	-	229,052
Pearl Cohen Legal	193,282	-	193,282
Total	422,334	-	422,334

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 5: RELATED PARTY TRANSACTIONS (Continued)

31 December 2020

	Balance at start of the year	Granted as remuneration	Balance at the end of the year
Hagit Bluvband	229,052	-	229,052
Pearl Cohen Legal	193,282	-	193,282
Total	422,334	-	422,334

b (3) Details of remuneration

31 December 2021

	Short term salary, fees & commissions US\$	Superannuation & social benefits US\$	Non-Monetary benefits	Total US\$
Hagit Bluvband	55,739	18,148	30,031	103,918
Pearl Cohen Legal(i)	13,961	-	-	13,961
Total	69,700	18,148	30,031	117,879

- (i) This is the fee paid to Pearl Cohen Legal, for legal consult service in 2020. The terms of the agreement are on an arm's length basis

Advisory Warrants and Fees

During the reporting period, the Company engaged A-LABS on a non-exclusive financial advisory service intended to assist with the completion of the Company's investment round of up to \$2,000,000 by mean of an unsecured convertible loan agreements prior and contingent to the Company listing on the TSX. Upon the completion of the listing in the TSX and after receiving all the fund raising in the investment round, in consideration of its services, the Company shall pay or issue to A-LABS: (i) a cash commission in the amount of \$150,000; (ii) a monthly cash retainer of \$20,000; and (iii) subject to the shareholders' approval, Advisory warrants. Each Advisory warrant is exercisable into one share at an exercise price of 0.01 until the second anniversary from the date of issuance.

On 3 February 2022, the Company has successfully completed the TSX listing and an amount of 3,792,000 Advisory warrants were issued, in a fair value of \$69,962.

31 December 2020

	Short term salary, fees & commissions US\$	Superannuation & social benefits US\$	Non-Monetary benefits	Total US\$
Hagit Bluvband	52,289	17,178	27,053	96,520
Pearl Cohen Legal(i)	23,491	-	-	23,491
Total	75,780	17,178	27,053	120,011

- (i) This is the fee paid to Pearl Cohen Legal, for legal consult service in 2020. The terms of the agreement are on an arm's length basis.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 6: AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2021 US\$	2020 US\$
Auditor remuneration		
- Auditing and reviewing the financial reports (BDO) – Australia*	43,109	29,751
- Auditing and reviewing the financial reports (BDO) – Israel	66,000	66,000
	109,109	95,751
Other non-audit remuneration		
- Tax service (BDO) – Israel	5,000	4,500
	5,000	4,000

(*) Including review of March 2021 interim report for TSX listing

NOTE 7: LOSS PER SHARE

	2021 US\$	2020 US\$
Loss per share (EPS)		
a) Loss used in calculation of basic EPS and diluted EPS	(2,899,194)	(3,365,282)
b) Number of ordinary shares outstanding at year end used in calculation of basic and diluted loss per share	105,470,217	85,695,992

NOTE 8a: CASH AND CASH EQUIVALENTS

	2021 US\$	2020 US\$
Cash at bank	116,891	818,049
Total cash and cash equivalents in the statement of cash flows	116,891	818,049

NOTE 8b: RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES:

	2021 US\$	2020 US\$
Loss after income tax	(2,899,194)	(3,365,282)
Non-cash flows in loss after income tax		
- Non-cash currency differences expenses	7,062	4,598
- Share based payment expense	216,297	249,060
- Non-cash expense related to borrowings	10,110	-
- Depreciation and amortisation	32,905	29,425
- Gains on settlement of financial liability– Note 15	(37,309)	-
Changes in assets and liabilities		
- (Increase) in trade and other receivables	(54,434)	22,306
- Increase in trade and other payables	360,077	(183,622)
- Increase in contract Liability	(95,472)	(194,071)
- Increase/(decrease) in provisions	36,572	60,539
Cash flow used in operating activities	(2,423,386)	(3,377,047)

Non-Cash investing and financing activities

- Right of Use Asset acquisition \$22,761

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 9: RESTRICTED CASH

	2021	2020
	US\$	US\$
Restricted cash	43,819	44,772

NOTE 10: TRADE AND OTHER RECEIVABLES

	2021	2020
	US\$	US\$
CURRENT		
Accounts receivables	1,715	1,616
Prepayments	99,496	-
Other receivables	69,801	114,962
	171,012	116,578

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value. The Group's exposure to the risks associated with trade and other receivables are disclosed in Note 19.

NOTE 11: TRADE AND OTHER PAYABLES

	2021	2020
	US\$	US\$
CURRENT		
Trade payables	188,101	184,531
Accrued expenses	512,766	219,682
Employee payables	203,849	118,011
	904,716	522,224

All amounts are short-term. The carrying values of trade payables and other payables are considered to approximate fair value. The Group's exposure to the risks associated with trade and other payables are disclosed in Note 19.

NOTE 12: EMPLOYEE PROVISIONS

	2021	2020
	US\$	US\$
CURRENT		
Annual leave	176,389	154,116

NOTE 13: BORROWINGS

	2021	2020
	US\$	US\$
CURRENT		
Accrued interest	10,110	-
Principal	1,050,000	-
	1,060,110	-

As of 31 December 2021, the notes are debt instruments with a 2% interest rate and did not carry rights to conversion until receipt of shareholder approval which occurred at the General Meeting of the Company held on 24 January 2022 subsequent to year end. After the reporting date, the notes were converted to shares as mentioned in note 24.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 14: CONTRACT LIABILITY

	2021 US\$	2020 US\$
Opening Balance	153,659	347,730
Payments received in advance	311,411	798,761
Transfer to Revenue	(406,883)	(992,832)
Closing Balance	58,187	153,659

NOTE 15: ISSUED CAPITAL

	2021 Shares No.	2020 Shares No.	2021 US\$	2020 US\$
a) Share Capital				
Fully paid ordinary shares	107,538,748	99,182,445	10,258,780	9,588,036

b) Movement in Ordinary Capital	Date	No.	Unit Price US\$	Total US\$
Opening balance as at 1 January 2021		99,182,445	n/a	9,588,036
Issue of shares in relation to Director's investment	21 January 2021	1,785,686	0.09	155,350
Issue of shares in relation to capital raising from institutional investors	05 March 2021	5,454,545	0.08	457,881
Issue of shares in relation to Director's fee settlement (i)	21 January 2021	1,116,072	0.09	57,513
Costs of capital raising	-	-	-	-
Closing balance at 31 December 2021		107,538,748		10,258,780

(i) The Company recognized \$37,309 gains on settlement of financial liability to directors Yoav Ziv and Bahram Nour-Omid.

c) Movement in Ordinary Capital	Date	No.	Unit Price US\$	Total US\$
Opening balance as at 1 January 2020 (i)		76,658,758	n/a	7,967,290
Issue of shares in relation to capital raising via public offer	03 August 2020	19,164,688	0.08	1,531,488
Issue of shares under the SPP	28 August 2020	2,981,218	0.08	238,482
Issue of shares for professional services	16 October 2020	377,781	0.08	30,189
Costs of capital raising	-	-	-	(179,413)
Closing balance at 31 December 2020		99,182,445		9,588,036

d) Capital Management

Due to the nature of the Group's activities, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet research and development programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raising as required. Any surplus funds are invested with major financial institution.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 16: RESERVES

a) Share Based Payment Reserve

	2021	2020
	US\$	US\$
10,447,494 (31 December 2020: 7,182,822) options on issue	1,405,511	1,198,608

b) Movement in Share Based Payment Reserve

	US\$
Opening balance as at 1 January 2020	951,397
<i>Expensed in the statement of profit or loss and other comprehensive income</i>	
Issue of 4,500,000 Advisor's options	226,253
Issue of 1,806,816 options	17,625
Issue of 547,494 options	3,740
Issue of 328,512 options	1,442
Opening balance as at 1 January 2021	1,200,457
<i>Expensed in the statement of profit or loss and other comprehensive income</i>	
Issue of 9,400,000 Executives' options	199,317
Issue of 500,000 options	5,563
Issue of 547,494 options	9,992
19,828,155 options subject to the shareholders' approval (i)	1,425
Closing balance as at 31 December 2021	1,416,754

(i) The Shareholders' approval was given on January 24, 2022. On February 3, 2022 the options were issued.

c) Foreign currency translation Reserve

	2021	2020
	US\$	US\$
Foreign exchange reserve closing balance	147,959	157,353

The foreign currency translation reserve records exchange differences arising on translation from functional currency to presentation currency.

d) Predecessor Accounting Reserve

	2021	2020
	US\$	US\$
Predecessor accounting reserve closing balance	(159,202)	(159,202)

The reserve arises from the capital reorganisation and records the net liabilities of AdRabbit Limited (at the transaction date: AppsVillage Australia Limited) as at the acquisition date of 26 August 2019.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 17: SHARE BASED PAYMENTS

During the year ended 31 December 2021, the Company recorded the following share-based payments:

- The issue of 500,000 options with an exercise price AUD\$0.16 and a life of 12 months from vesting to Andrew Whitten 500,000, which was approved at the company's annual general meeting on 26 May 2021 as part of Director's option plan in a total amount of 1,450,000 options which included options to the directors Bahram Nour-Omid (700,000), Yoav Ziv (250,000) whom resigned on 19 October 2021 .
- The issue of 9,400,000 options to the executives Max Bluvband (4,700,000) and Shahar Hadju (4,700,000) with an exercise price of AUD\$0.16 and a life of 5 years, which was approved at the company's annual general meeting on 26 May 2021.
- The issue of 19,828,155 options to the executives Max Bluvband (9,240,714) and Shahar Hadju (9,240,714) and to Directors Noah Hershcoviz (648,909) and Konstantin Lichtenwald (348,909) and to Andrew Whitten (348,909) with an exercise price of AUD\$0.06 and a life of 5 years, which was approved at the company's annual general meeting on 24 January 2022. On 3 February 2022, the options were issued.

Fair Value

Fair value is independently determined using a Black-Scholes option pricing model that takes into account the effective exercise price, the terms of the option, the share price at grant date and expected price volatility of the underlying share value. This valuation technique also applies to the Broker options as the value of the service performed could not be reliably determined. The Black Scholes inputs and valuations were as follows:

Options	Executives Options	Company's Stock Option Plan (i)	Company's Stock Option Plan	Directors Options (iii)
Number of options	9,400,000	1,450,000	547,494	19,828,155
Grant date	29 March 2021	29 March 2021	28 October 2019	24 January 2021
Issue date	24 June 2021	24 June 2021	28 October 2019	3 February, 2022
Exercise price AUD \$	0.16	0.16	0.16	0.06
Expected volatility	120%	120%	100%	100%
Implied option life	5 years from vesting	1 year from vesting	10 years from issue date	5 years from vesting
Expected dividend yield	Nil	Nil	Nil	Nil
Risk free rate	0.67%-1.57%	0.10%	0.8%	1.34%-1.55%
Valuation per option AUD \$	varies	0.044	0.0593	varies
Exchange rate	0.761	0.761	0.7046	0.7266
Valuation per option USD \$	varies	0.033	0.0418	varies
Total valuation USD \$ (ii)	\$199,317	\$5,563	\$9,992	\$1,425

(i) During the year an amount of 950,000 options were cancelled upon resignation of Yoav Ziv and Bahram Nour-Omid.

(ii) The total fair valuation of options in FY21 is \$216,297.

(iii) As of 31 December 2021, was subject to the shareholders' approval that was given on 24 January ,2022. On 3 February 2022, the options were issued.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 17: SHARE BASED PAYMENTS (Continued)

Options	Broker Options	Warrants	Directors Options
Number of options	5,000,000	2,000,000	750,000
Grant date	8 August 2019	8 August 2019	8 August 2019
Issue date	27 August 2019	27 August 2019	27 August 2019
Exercise price AUD \$	0.30	0.30	0.30
Expected volatility	100%	100%	100%
Implied option life	3 years from date of the official quotation to ASX	2.5 years from date of the official quotation to ASX	3 years from date of the official quotation to ASX
Expected dividend yield	Nil	Nil	Nil
Risk free rate	0.69%	0.69%	0.69%
Valuation per option AUD \$	0.1074	0.0972	0.1074
Exchange rate	0.6763	0.6763	0.6763
Valuation per option USD \$	0.0726	0.0657	0.0726
Total valuation USD \$	\$363,210	\$131,499	\$54,497

All options and warrants vest immediately.

Share Based Payments expense

Non-cash share-based payment expense for the full year is comprised as follows:

	2021 US\$	2020 US\$
Issue of 9,400,000 Executives options	199,317	-
Issue of 1,450,000 Director's options	5,563	-
Issue of 547,494 options	9,992	3,740
19,828,155 options subject to the shareholders' approval (i)	1,425	-
Issue of 1,806,815 options	-	17,625
Issue of 4,500,000 Advisor's options	-	226,253
Issue of 328,512 options	-	1,442
Total share-based payments expense recognised in profit or loss	216,297	249,060

(i) The Shareholders' approval was given on January 24, 2022. On 3 February 2022, an amount of 19,828,155 options were issued.

NOTE 18: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Group's sole operating segment is consistent with the presentation of these consolidated financial statements.

AdRabbit Limited
Notes to the Consolidated Financial Statements (continued)
For the Year Ended 31 December 2021
NOTE 19: FINANCIAL INSTRUMENTS
a) Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Group's approach to capital management during the year.

b) Categories of financial instruments

	2021 US\$	2020 US\$
Financial Assets		
Cash and cash equivalents	116,891	818,049
Restricted cash	43,819	44,772
Trade and other receivables	171,012	116,578
	331,722	979,399
Financial liabilities		
Trade and other payables and lease liabilities	412,822	349,617
Borrowings	1,050,000	-
	1,462,822	349,617

The fair value of the above financial instruments approximates their carrying values.

c) Financial risk management policies

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of those risks is presented throughout these financial statements.

The board has overall responsibility to the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of those risks on the Group where such impacts may be material. The board receives financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

d) Market risk

Market risk for the Group arises from the use of interest-bearing financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rate (see (e) below).

AdRabbit Limited
Notes to the Consolidated Financial Statements (continued)
For the Year Ended 31 December 2021

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

e) Interest rate risk management

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The table indicates the impact on how profit or equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Floating Interest Rate US\$	Fix Interest Rate US\$	Non-interest bearing US\$	2021 Total US\$	Floating Interest Rate US\$	Non-interest bearing US\$	2020 Total US\$
Financial assets							
<i>- Within one year</i>							
Cash and cash equivalents	116,891	-	-	116,891	818,049	-	818,049
Restricted cash	43,819	-	-	43,819	44,772	-	44,772
Trade and other receivables	-	-	171,012	171,012	-	116,578	116,578
Total financial assets	160,710	-	171,012	331,722	862,821	116,578	979,399
<i>Interest rate</i>	0% to 1.5%				0% to 1.5%		
Financial Liabilities							
<i>- Within one year</i>							
Trade and other Payables and lease liabilities	-	-	412,822	412,822	-	349,617	349,617
Borrowings	-	1,050,000	-	1,050,000	-	-	-
Total financial liabilities	-	1,050,000	412,822	1,462,822	-	349,617	349,617
<i>Interest rate</i>	2%						
Net financial assets/liabilities	160,710	(1,050,000)	(241,810)	(1,131,100)	862,821	(233,039)	629,782

Year ended 31 December 2021

+/-1% in interest rates

Year ended 31 December 2020

+/-1% in interest rates

	Movement in Profit US\$	Movement in Equity US\$
Year ended 31 December 2021 +/-1% in interest rates	1,607	(1,607)
Year ended 31 December 2020 +/-1% in interest rates	8,180	8,180

f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available information and its own trading records to rates its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

AdRabbit Limited
Notes to the Consolidated Financial Statements (continued)
For the Year Ended 31 December 2021

NOTE 19: FINANCIAL INSTRUMENTS (Continued)

g) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities based on the actual rates at the reporting date excluding interest payments:

	Interest rate	Less than 6 months US\$	6-12 months US\$	1-2 years US\$	2-5 years US\$	Over 5 years US\$	Total contractual cash flows US\$	Carrying amount US\$
2021								
Trade and other payables and lease liabilities	-	393,920	18,902	-	-	-	412,822	412,822
Borrowings	2%	1,060,110	-	-	-	-	1,060,110	1,050,000
		1,454,030	18,902	-	-	-	1,472,932	1,462,822
2020								
Trade and other payables	-	302,542	-	27,268	19,807	-	349,617	349,617
	-	302,542	-	27,268	19,807	-	349,617	349,617

h) Net fair value of financial assets and liabilities

Fair value estimation

Due to the short-term nature of the receivables and payables, the carrying value approximates fair value.

i) Foreign currency risk

The currency risk is that risk that the value of financial instruments will fluctuate due to change 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 Company's function currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar (the functional currency of the subsidiary company), the New Israeli Shekel, the Australian Dollar (functional currency of the parent company). No sensitivity analysis is disclosed as the balances in foreign currency are immaterial.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 20: PARENT ENTITY FINANCIAL INFORMATION

The following information of the legal parent AdRabbit Limited has been prepared in accordance with Australian Accounting Standards and the accounting policies as outlined in Note 1.

a) Financial Position of AdRabbit Limited	2021 US\$	2020 US\$
ASSETS		
Current assets	162,086	304,429
Non-current assets	-	-
TOTAL ASSETS	162,086	304,429
LIABILITIES		
Current liabilities	1,326,672	141,063
Non-current liabilities	693,594	-
TOTAL LIABILITIES	2,020,266	141,063
NET ASSETS/ (LIABILITIES)	(1,858,181)	163,366
SHAREHOLDERS' EQUITY (DEFICIT)		
Issued capital	10,258,780	9,563,646
Reserves	1,405,511	1,225,398
Accumulated losses	(13,522,472)	(10,625,678)
SHAREHOLDERS' EQUITY (DEFICIT)	(1,858,181)	163,366
b) Statement of profit or loss and other comprehensive income		
Loss for the year	(2,896,794)	(3,935,558)
Other comprehensive income	(180,113)	609,142
Total comprehensive loss	(3,076,907)	(3,326,416)

c) Guarantees entered into by AdRabbit Limited for the debts of its subsidiary

There are no guarantees entered into by AdRabbit.

d) Contingent liabilities of AdRabbit Limited

There were no contingent liabilities as at 31 December 2021 (2020: nil).

e) Commitments by AdRabbit Limited

There were no commitments as at 31 December 2021 (2020: nil).

NOTE 21: CONTROLLED ENTITIES

The ultimate legal parent entity of the Group is AdRabbit Limited, incorporated and domiciled in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in Note 1.

Controlled entity	Country of incorporation	Percentage owned	
		2021	2020
<i>Parent entity</i>			
AdRabbit Limited	Australia		
<i>Subsidiaries of AppsVillage Australia Limited</i>			
AppsVillage Ltd	Israel	100%	100%

The proportion of ownership interest is equal to the proportion of voting power held.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

NOTE 22: COMMITMENTS

There are no material commitments at 31 December 2021 (31 December 2020:Nil).

NOTE 23: CONTINGENT LIABILITIES

The Company engaged A-LABS on a non-exclusive financial advisory service, see note 24 (Advisory Warrants and fees). As at 31 December 2020, there were no material contingent liabilities requiring disclosure.

NOTE 24: EVENTS AFTER THE REPORTING PERIOD

TSX Listing

On February 7, 2022 the Company's Ordinary Shares commenced trading on the TSX under the ticker symbol RAB. The Ordinary Shares will continue to trade on the ASX under the ticker RAB.

On 23 March, 2022 the Company submitted a formal application for delisting from the ASX.

Shares Issuance

During 2021 the Company has entered into agreements to secure a funding round in total amount of \$2.25M in a premium price of \$0.04 (CAD \$0.05). An amount of \$1.05M was received during 2021 and the rest was received in 2022.

In February 2022 and upon the completion of the funding, conversion of \$2,082,000 principal amount (and certain accrued interest on such amount) under the Series B Convertible Loan have been released to the Company and \$168,000 principal amount (and accrued interest on such amount) remains outstanding and subject to conversion at a later date.

As part of the funding round the Company approved the issue and allotment of up to 78,262,709 CLA series A & B warrants and 78,262,709 CLA series A & B shares at a premium price of \$0.04 (CAD \$0.05).

The KMPs 12.64 Fund, Mr Max Bluvband (Company's CEO) and Mr Zigmund Bluvband have participated in the funding round in total amount of \$1.25M and were allocated 31,905,989 shares and 31,905,989 number of warrant.

Advisory Warrants and Fees

During the reporting period, the Company engaged A-LABS on a non-exclusive financial advisory service intended to assist with the completion of the Company's investment round of up to \$2,000,000 by mean of an unsecured convertible loan agreements prior and contingent to the Company listing on the TSX. Upon the completion of the listing in the TSX and after receiving all the fund raising in the investment round, in consideration of its services, the Company shall pay or issue to A-LABS: (i) a cash commission in the amount of \$150,000; (ii) a monthly cash retainer of \$20,000; and (iii) subject to the shareholders' approval, Advisory warrants. Each Advisory warrant is exercisable into one share at an exercise price of 0.01 until the second anniversary from the date of issuance.

On 3 February 2022, the Company has successfully completed the TSX listing and an amount of 3,792,000 Advisory warrants were issued, in a fair value of \$69,962.

AdRabbit Limited
Notes to the Consolidated Financial Statements
For the Year Ended 31 December 2021

Director's Options Plan

On January 24, 2022 The company's extraordinary general meeting approved the issuance unlisted options with an exercise price of 0.06 each, vesting monthly on a pro-rata basis over a 3 years period and expiring 5 years from vesting. A total amount of 19,828,155 options were issued on 3 February, 2022.

The method used to value the Director Option was the Black Scholes methodology. The fair value attributed to the Director Option is as follows:

Director	Number of Director Options issued	Total fair value
Noah Hershcoviz	648,909	13,921
Max Bluvband	9,240,714	163,433
Konstantin Lichtenwald	348,909	8,701
Shahar Hadju	9,240,714	163,433
Andrew Whitten	349,909	8,701

There were no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

NOTE 25: APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue 31 March 2022.

The directors are unaware of any other significant event or circumstance that has arisen since 31 December 2021 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years other than those disclosed above.

NOTE 26: APPLICATION OF NEW AND REVISED AUSTRALIAN ACCOUNTING STANDARDS

New, revised or amending Accounting Standards and Interpretations issued and adopted

There are no Australian accounting standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2021 which are expected to have a material impact on the Group in future reporting periods.

AdRabbit Limited
Directors' declaration
For the Year Ended 31 December 2021

In the Director's opinion:

- 1) The consolidated financial statements and notes set out on pages 25 to 53 are in accordance with the *Corporations Act 2001*, including:
 - a) complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements, noting the matters documented in Note 1(a);
 - b) giving a true and fair view, the consolidated entity's financial position as at 31 December 2021 and of its performance for the year ended on that date; and
- 2) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 3) This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2021.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Max Bluvband

Chief Executive Officer
Tel Aviv, 31 March 2022

INDEPENDENT AUDITOR'S REPORT

To the members of AdRabbit Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AdRabbit Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 1(c) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Share-Based Payments

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the financial year ended 31 December 2021, the Group issued equity instruments, to eligible directors and employees, which have been accounted for as share-based payments, as disclosed in Note 17 to the financial report.</p> <p>The Group's policy for accounting for share-based payments and significant judgements applied to these arrangements are disclosed in Note 1.</p> <p>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of share-based payments, we consider the Group's accounting for share-based payments to be a key audit matter.</p>	<p>Our audit procedures in respect of this area included but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing relevant supporting documentation to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Assessing the competency and objectivity of, and work performed by management's expert in respect to the valuation of share-based payments; • Assessing the allocation of the share-based payment expense over management's expected vesting period; and • Assessing the adequacy of the disclosure in Note 1 and Note 17 in the financial report.



Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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 the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 23 of the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of AdRabbit Limited, for the year ended 31 December 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Dean Just', positioned below the printed name.

Dean Just

Director

Perth, 31 March 2022

ADDITIONAL ASX INFORMATION

The shareholder information set out below was applicable as of 24 March 2022.

As at 24 March 2022 there were 892 holders of Ordinary Fully Paid Shares.

VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options and deferred securities that the Company currently has on issue. Upon exercise of the options, the shares issued will have the same voting rights as existing ordinary shares.

TWENTY (20) LARGEST SHAREHOLDERS

The names of the twenty largest holders of each class of listed securities are listed below:

Ordinary Full Paid Shares

Holder Name	Holding	% IC
CANADIAN REGISTER CONTROL A/C	56,885,502	30.62%
1264 FUND	25,578,506	13.77%
BNP PARIBAS NOMINEES PTY LTD	15,076,967	8.11%
OPENSKY OPPORTUNITIES	7,589,814	4.08%
MR MAX EITAN BLUVBAND,	5,625,486	3.03%
MR DROR ATZMON	5,063,205	2.73%
MR SHAHAR HAJDU	3,092,506	1.66%
GNAT PTY LTD	2,736,251	1.47%
SCOPUS VENTURES FUND I LP	2,625,669	1.41%
MR CHENBING LI	2,563,505	1.38%
ARMAND GOLDBERG	2,338,966	1.26%
MR XUZHI LI	1,548,512	0.83%
LEARNICON LLC	1,339,285	0.72%
MISS SAMIRA ABDULRAZAK	1,334,317	0.72%
ILIYA SOFKOV	1,306,964	0.70%
LIBI HOLDINGS LTD	1,266,427	0.68%
MR ABDULKARIM ABDULRAZAK	1,171,970	0.63%
MR DAN GOTLIEB	1,166,493	0.63%
MR KA LU	1,063,000	0.57%
DR BENJAMIN CHACKO JACOB	1,032,062	0.56%
TOTAL	140,405,407	75.57%
Total issued capital - selected security class(es)	185,801,457	100.00%

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders as at 24 March 2021 are:

Name	No of Shares Held	% of Issued Capital
CANADIAN REGISTER CONTROL A/C	56,885,502	30.62%
1264 FUND	25,578,506	13.77%
BNP PARIBAS NOMINEES PTY LTD	15,076,967	8.11%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	30	8,776	0.00%
1,001 - 5,000	153	535,150	0.29%
5,001 - 10,000	166	1,386,099	0.75%
10,001 - 100,000	417	14,751,441	7.94%
100,001 - 9,999,999,999	126	169,119,991	91.02%
Totals	892	185,801,457	100.00%

Unmarketable Parcels – 599 Holders with a total of 6,888,222 shares, based on the last trading price of \$ 0.0150 on 28 March 2022.

UNQUOTED SECURITIES

As at 24 March 2022, the following unquoted securities are on issue:

Unlisted Options Expiring 5 years from quotation @ NIS0.01 – 4 Holders

Holders with more than 20%

Holder Name	Holding	% IC
MR MAX EITAN BLUVBAND	1,108,457	42%
MR SHAHAR HAJDU & MS RONI HAJDU	1,108,457	42%

Unlisted Options Expiring 3 years from date of issue @ A\$0.30 – 19 Holders

Holders with more than 20%

Holder Name	Holding	% IC
GNAT PTY LTD	2,578,500	44.84%

Warrants Expiring 30 months from date of issue A\$0.30 – 7 Holders

Holders with more than 20%

Holder Name	Holding	% IC
ARMAND GOLDBERG & HERTZEL ROSENBLUM	600,000	30%
VICTORIA LINDENBAUM	600,000	30%

Unlisted Options Expiring 5 years from quotation @ NIS0.01 issue – 4 Holders

Holder with more than 20%

Holder Name	Holding	% IC
NEXTAGE CONSULTING SERVICES (2008) LTD	193,282	47.13%
ILAY RON	114,526	27.93%

Unlisted Options Expiring 5 years from vesting @ A\$0.16 – 2 Holders

Holder with more than 20%

Holder Name	Holding	% IC
MR MAX EITAN BLUVBAND	4,700,000	50%
MR SHAHAR HAJDU & MS RONI HAJDU	4,700,000	50%

Unlisted Options Expiring 1 year from vesting @ A\$0.16 – 3 Holders

Holder with more than 20%

Holder Name	Holding	% IC
BAHRAM NOUR-OMID	700,000	48.28%
ANDREW WHITTEN	500,000	34.48%

Unlisted Warrants Expiring 5 years from quotation @ C\$0.05 – 11 Holders

Holder with more than 20%

Holder Name	Holding	% IC
12.64 FUND	25,578,506	32.68%

Unlisted Options Expiring 5 years from vesting @ A\$0.06 – 5 Holders

Holder with more than 20%

Holder Name	Holding	% IC
MR MAX EITAN BLUVBAND	9,240,714	46.60%
MR SHAHAR HAJDU & MS RONI HAJDU	9,240,714	46.60%

Unlisted Warrants Expiring 2 years from quotation @ \$0.01– 1 Holder

Holder with more than 20%

Holder Name	Holding	% IC
A-LABS FINANCE & ADVISORY LTD	3,792,000	100%

ON-MARKET BUY BACK

There is currently no on-market buyback program.

CORPORATE GOVERNANCE STATEMENT

The Directors of the Company support the principles of corporate governance. The Company's corporate governance statement is located in the Company's website at <https://ad-rabbit.com/corporate>.