

U. S. Securities and Exchange Commission  
Washington, D. C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2020

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File No. 001-37370

MY SIZE, INC.

(Exact name of registrant as specified in its charter)

Delaware

51-0394637

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
I.D. No.)

HaYarden 4, POB 1026, Airport City, Israel, 7010000  
(Address of principal executive offices)

+972-3-600-9030

Registrant's telephone number, including area code:

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.001 par value per share	MYSZ	Nasdaq Capital Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: as of May 14, 2020, 7,146,155 shares of common stock, par value \$0.001 per share were issued and outstanding.

**MY SIZE, INC.**  
**INDEX TO QUARTERLY REPORT ON FORM 10-Q**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

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**PART I**  
**FINANCIAL INFORMATION**

Item 1. Financial Statements.

**My Size Inc. and Subsidiaries**

**Condensed Consolidated  
Interim  
Financial Statements  
As of March 31, 2020  
(unaudited)  
U.S. Dollars in Thousands**

Condensed Consolidated Interim Financial Statements as of March 31, 2020 (Unaudited)

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## Condensed Consolidated Interim Balance Sheets

U.S. dollars in thousands (except share data and per share data)

	March 31, 2020 <u>(Unaudited)</u>	December 31, 2019 <u>(Audited)</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	1,418	1,203
Restricted cash	273	263
Accounts receivable	36	38
Other receivables and prepaid expenses	243	321
<b>Total current assets</b>	<u>1,970</u>	<u>1,825</u>
Property and equipment, net	130	141
Right-of-use assets	932	966
Investment in marketable securities	38	26
	<u>1,100</u>	<u>1,133</u>
<b>Total assets</b>	<u><u>3,070</u></u>	<u><u>2,958</u></u>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Operating lease liabilities	109	102
Trade payables	271	440
Accounts payable	380	378
Warrants and derivatives	17	328
<b>Total current liabilities</b>	<u>777</u>	<u>1,248</u>
Operating lease liabilities	610	659
<b>Total non-current liabilities</b>	<u>610</u>	<u>659</u>
<b>Total liabilities</b>	<u>1,387</u>	<u>1,907</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>Stockholders' equity:</b>		
Stock Capital -		
Common stock of \$ 0.001 par value - Authorized: 100,000,000 shares;		
Issued and outstanding: 2,600,701 and 2,085,900 as of March 31, 2020 and December 31, 2019, respectively	3	2
Additional paid-in capital	32,193	30,102
Accumulated other comprehensive loss	(540)	(539)
Accumulated deficit	(29,973)	(28,514)
<b>Total stockholders' equity</b>	<u>1,683</u>	<u>1,051</u>
<b>Total liabilities and stockholders' equity</b>	<u><u>3,070</u></u>	<u><u>2,958</u></u>

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

**Condensed Consolidated Interim Statements of Comprehensive Loss**

U.S. dollars in thousands (except share data and per share data)

	Three-Months Ended March 31,	
	2020	2019
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
<b>Revenues</b>	30	20
<b>Cost of revenues</b>	(1)	(1)
<b>Gross profit</b>	<u>29</u>	<u>19</u>
<b>Operating expenses</b>		
Research and development	(348)	(292)
Sales and marketing	(625)	(345)
General and administrative	(516)	(645)
Total operating expenses	(1,489)	(1,282)
Operating loss	(1,460)	(1,263)
Financial income (expenses), net	1	(264)
Net loss	<u>(1,459)</u>	<u>(1,527)</u>
<b>Other comprehensive income (loss):</b>		
Foreign currency translation differences	<u>(1)</u>	<u>164</u>
<b>Total comprehensive loss</b>	<u>(1,460)</u>	<u>(1,363)</u>
Basic and diluted loss per share	(0.58)	(0.76)
Basic and diluted weighted average number of shares outstanding	<u>2,504,530</u>	<u>1,990,159</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements

**Condensed Consolidated Interim Statements of Changes in Stockholders' Equity (Unaudited)**

U.S. dollars in thousands (except share data and per share data)

	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Number	Amount				
Balance as of January 1, 2020	2,085,900	2	30,102	(539)	(28,514)	1,051
Stock-based compensation related to options granted to employees and consultants	-	-	70	-	-	70
Issuance of shares, net of issuance cost of \$358	514,801	1	1,693	-	-	1,694
Liability reclassified to equity (*)	-	-	328	-	-	328
Total comprehensive loss	-	-	-	(1)	(1,459)	(1,460)
Balance as of March 31, 2020	<u>2,600,701</u>	<u>3</u>	<u>32,193</u>	<u>(540)</u>	<u>(29,973)</u>	<u>1,683</u>

(\*) See note 2 c.

	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Number	Amount				
Balance as of January 1, 2019	1,990,159	2	29,144	(835)	(23,017)	5,294
Stock-based compensation related to options granted to employees and consultants	-	-	100	-	-	100
Total comprehensive loss	-	-	-	164	(1,527)	(1,363)
Balance as of March 31, 2019	<u>1,990,159</u>	<u>2</u>	<u>29,244</u>	<u>(671)</u>	<u>(24,544)</u>	<u>4,031</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements

**Condensed Consolidated Interim Statements of Cash Flows**

U.S. dollars in thousands

	<b>Three-Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Cash flows from operating activities:</b>		
Net loss	(1,459)	(1,527)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	9	36
Reduction in the carrying amount of the right to use asset	11	-
Revaluation of warrants and derivatives	(2)	(95)
Increase in operating lease liabilities	-	(39)
Interest of operating lease liabilities	-	6
Interest and revaluation of short-term deposit	-	54
Interest received from short-term deposit	-	16
Revaluation of investment in marketable securities	(12)	185
Stock based compensation	70	100
Decrease in accounts receivables	2	-
Decrease in other receivables and prepaid expenses	95	43
Decrease in trade payable	(164)	(8)
Increase in accounts payable	14	30
<b>Net cash used in operating activities</b>	<b>(1,436)</b>	<b>(1,199)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from restricted deposits	-	181
Proceeds from short-term deposits	-	1,200
Investment in right-to-use asset	(25)	-
Purchase of property and equipment	(2)	(6)
<b>Net cash provided by (used in) investing activities</b>	<b>(27)</b>	<b>1,375</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of shares, net of issuance costs	1,694	-
<b>Net cash provided by financing activities</b>	<b>1,694</b>	<b>-</b>
Effect of exchange rate fluctuations on cash and cash equivalents	(6)	145
Increase in cash, cash equivalents and restricted cash	225	321
Cash, cash equivalents and restricted cash at the beginning of the period	1,466	5,230
<b>Cash, cash equivalents and restricted cash at the end of the period</b>	<b>1,691</b>	<b>5,551</b>

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



**Notes to Condensed Consolidated Interim Financial Statements (unaudited)****U.S. dollars in thousands (except share data and per share data)**

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**Note 1 - General**

- a. My Size, Inc. is developing unique measurement technologies based on algorithms with applications in a variety of areas, from the apparel e-commerce market, to the courier services market and to the Do It Yourself smartphone and tablet apps market. The technology is driven by proprietary algorithms which are able to calculate and record measurements in a variety of novel ways.

The Company has two subsidiaries, My Size Israel 2014 Ltd. and Topspin Medical (Israel) Ltd., both of which are incorporated in Israel. References to the Company include the subsidiaries unless the context indicates otherwise.

- b. During the three month period ended March 31, 2020, the Company has incurred significant losses and negative cash flows from operations and has an accumulated deficit of \$29,973. The Company has financed its operations mainly through fundraising from various investors.

See Note 7 for a subsequent event, which resulted in additional cash proceeds to the Company in an amount of approximately \$4,300. The Company's management expects that the Company will continue to generate losses and negative cash flows from operations for the foreseeable future. Based on the projected cash flows and cash balances as of March 31, 2020, management is of the opinion that there is substantial doubt about the Company's ability to continue as a going concern.

Management's plans include the continued commercialization of the Company's products and securing sufficient financing through the sale of additional equity securities, debt or capital inflows from strategic partnerships. Additional funds may not be available when the Company needs them, on terms that are acceptable to it, or at all. If the Company is unsuccessful in commercializing its products and securing sufficient financing, it may need to cease operations.

The financial statements include no adjustments for measurement or presentation of assets and liabilities, which may be required should the Company fail to operate as a going concern.

**Note 2 - Significant Accounting Policies**

- a. Unaudited condensed consolidated financial statements:

The accompanying unaudited condensed consolidated interim financial statements included herein have been prepared by the Company in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC"). The unaudited condensed consolidated financial statements are comprised of the financial statements of the Company. In management's opinion, the interim financial data presented includes all adjustments necessary for a fair presentation. All intercompany accounts and transactions have been eliminated. Certain information required by U.S. generally accepted accounting principles ("GAAP") has been condensed or omitted in accordance with rules and regulations of the SEC. Operating results for the three months ended March 31, 2020 are not necessarily indicative of the results that may be expected for any future period or for the year ending December 31, 2020.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2019.

- b. Use of estimates:

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates.

**Notes to Condensed Consolidated Interim Financial Statements (unaudited)****U.S. dollars in thousands (except share data and per share data)**

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**Note 2 - Significant Accounting Policies (cont'd)**

## c. Functional currency:

The Company reassessed its functional currency and determined to change its functional currency to the U.S. dollar from the NIS as of January 1, 2020. The change in functional currency was accounted for prospectively from that date. In 2019, the Company went through a strategic shift which involved a significant change in its business model, that clearly indicates that the functional currency has changed, beginning January 2020. In previous years, the Company acted as a platform to fund its operational subsidiary, My Size Israel, which conducts its research and development activities in NIS. Accordingly, the Company has not been substantially focused on its operating activities for that period. By the end of 2018, the Company transitioned to a new business model (B2B2C) and concluded that the main market that the Company should focus on would be the apparel market in the US. Consequently, the Company established marketing and distribution channels in the US along with having a new pricing model denominated in USD. Throughout 2019, the Company itself hired sales personnel which are based in the US and signed agreements with customers for which it began generating revenue in USD for the first time since it began its operations. Accordingly, by the end of 2019, the Company is no longer considered a 'holding company' for the matter of determining its functional currency under ASC 830 based on the currency of its operating entities. As a result of being an operational company that enters into operational agreements and generates revenues on an ongoing basis, the management of the Company has concluded that as of January 1 2020, the currency that most faithfully portrays the economic results of the Company's operations is the U.S. dollar.

My Size Israel functional currency remains the NIS.

As a result of the change in the Company's functional currency, the Company reclassified its warrants that were outstanding as a financial liability in an amount of \$328 as at December 31, 2019 to equity.

## d. Reclassification:

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements, These reclassifications had no effect on the previously reported net loss.

**Notes to Condensed Consolidated Interim Financial Statements (unaudited)****U.S. dollars in thousands (except share data and per share data)****Note 3 - Financial Instruments**

Fair value of financial instruments:

Accounting Standards Codification (“ASC”) 820, Fair Value Measurements and Disclosures, relating to fair value measurements, defines fair value and established a framework for measuring fair value. ASC 820 fair value hierarchy distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity and the reporting entity’s own assumptions about market participant assumptions developed based on the best information available in the circumstances. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price. In addition, the fair value of assets and liabilities should include consideration of non-performance risk, which for the liabilities described below includes the Company’s own credit risk.

In accordance with ASC 820 when measuring the fair value, an entity shall take into account the characteristics of the asset or liability if a market participant would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example:

- a. The condition and location of the asset.
- b. Restrictions, if any, on the sale or the use of the asset.

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Valuations based on quoted prices in active markets for identical assets that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The expected volatility of the share prices reflects the assumption that the historical volatility of the share prices is reasonably indicative of expected future trends.

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, trade payables and accounts payable approximate their fair value due to the short-term maturities of such instruments.

The Company holds share certificates in iMine Corporation (“iMine”) formerly known as Diamante Minerals, Inc., a publicly-traded company on the OTCQB.

Due to sales restrictions on the sale of the iMine share, the fair value of the shares was measured on the basis of the quoted market price for an otherwise identical unrestricted equity instrument of the same issuer that trades in a public market, adjusted to reflect the effect of the sales restrictions and is therefore, ranked as Level 2 assets.

	<b>March 31, 2020</b>		
	<b>Fair value hierarchy</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets			
Investment in marketable securities (*)	-	38	-
	<b>March 31, 2020</b>		
	<b>Fair value hierarchy</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial liabilities			
Warrants and derivatives	-	17	-

**Notes to Condensed Consolidated Interim Financial Statements (unaudited)**

U.S. dollars in thousands (except share data and per share data)

**Note 3 - Financial Instruments (Cont.)**

	<b>December 31, 2019</b>		
	<b>Fair value hierarchy</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial assets			
Investment in marketable securities (*)	-	26	-

	<b>December 31, 2019</b>		
	<b>Fair value hierarchy</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Financial liabilities			
Warrants and derivatives	-	328	-

(\*) For the three month periods ended March 31, 2020 and 2019, the recognized gain (loss) (based on quoted market prices with a discount due to security - restrictions on iMine shares) of the marketable securities was \$12 and \$(185), respectively.

**Note 4 - Stock Based Compensation**

The stock-based expense- equity awards recognized in the financial statements for services received is related to Research and Development, Sales and Marketing and General and Administrative expenses as shown in the following table:

	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
Stock-based compensation expense - Research and development	20	8
Stock-based compensation expense - Sales and marketing	22	3
Stock-based compensation expense - General and administrative	28	89
	<u>70</u>	<u>100</u>

**Notes to Condensed Consolidated Interim Financial Statements (unaudited)****U.S. dollars in thousands (except share data and per share data)**

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**Note 4 - Stock Based Compensation (Cont.)****Options issued to consultants:**

During the three month period ended March 31, 2020, there were no grants of options to consultants, no such options were exercised and 2,502 options expired.

The total stock option compensation expense during the three month period ended March 31, 2020 and 2019 which was recorded under sales and marketing and general and administrative was \$10 and \$81, respectively.

**Warrants issued to consultants:**

- a. On January 15, 2020, the Company conducted a registered direct offering pursuant to which it issued 514,801 shares of its common stock and in a concurrent private placement issued warrants to purchase up to 514,801 shares of common stock at an exercise price of \$3.76 per share for gross proceeds of \$2,000. The term of the warrants are five and a half years. The Company received net proceeds of \$1,694 after deducting placement agent fees and other offering expenses.

In addition to the fees above the Company issued to the placement agent warrants on substantially the same terms as the investors in the offering in an amount equal to 6% of the aggregate number of shares of common stock sold in the offering, or 30,888 shares of common stock, at an exercise price of \$4.8563 per share and a term expiring on January 15, 2025.

The warrants were measured at fair value of \$52.

- b. Further to Note 11a of the Company's Annual Report on Form 10-K for the year ended December 31, 2019:

In March 2020, warrants to purchase up to 66,667 shares of common stock of the Company were not exercised and expired.

**Stock Option Plan for Employees:**

In March 2017, the Company adopted a stock option plan (the "Plan") pursuant to which the Company's Board of Directors may grant stock options to officers and key employees. The total number of options which may be granted to directors, officers, employees under this plan, is limited to 200,000 options. Stock options can be granted with an exercise price equal to or less than the stock's fair market value at the grant date.

During the three month period ended March 31, 2020, there were no grants of stock options under the Plan, no such options were exercised and 333 options expired.

The total stock option compensation expense during the three month period ended March 31, 2020 and 2019 which was recorded was \$60 and \$19, respectively.

**Notes to Condensed Consolidated Interim Financial Statements (unaudited)****U.S. dollars in thousands (except share data and per share data)**

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**Note 5 - Contingencies and Commitments**

- a. On August 7, 2018, the Company commenced an action against North Empire LLC (“North Empire”) in the Supreme Court of the State of New York, County of New York for breach of a Securities Purchase Agreement (the “Agreement”) in which it is seeking damages in an amount to be determined at trial, but in no event less than \$616,000. On August 2, 2018, North Empire filed a Summons with Notice against the Company, also in the same Court, in which they allege damages in an amount of \$11.4 million arising from an alleged breach of the Agreement. On September 6, 2018 North Empire filed a Notice of Discontinuance of the action it had filed on August 2, 2018. On September 27, 2018, North Empire filed an answer and asserted counterclaims in the action commenced by the Company against them, alleging that the Company failed to deliver stock certificates to North Empire causing damage to North Empire in the amount of \$10,958,589. North Empire also filed a third-party complaint against the Company’s CEO and now former Chairman of the Board asserting similar claims against them in their individual capacities. On October 17, 2018, the Company filed a reply to North Empire’s counterclaims. On November 15, 2018, the Company’s CEO and now former Chairman of the Board filed a motion to dismiss North Empire’s third-party complaint. On January 6, 2020, the Court granted the motion and dismissed the third-party complaint. The parties are now engaging in discovery in connection with the claims and counterclaims.

The Company believes it is more likely than not that the counterclaims will be denied.

- b. Further to Note 13b of the Company’s Annual Report on Form 10-K for the year ended December 31, 2019:

On January 22, 2019, the Company was notified by the Nasdaq Stock Market, LLC (“Nasdaq”) that the Company was not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2) for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum bid price of \$1.00 per share, and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. The notification provided that the Company had 180 calendar days, or until July 22, 2019, to regain compliance with Nasdaq Listing Rule 5550(a)(2). To regain compliance, the bid price of the Company’s common stock must have a closing bid price of at least \$1.00 per share for a minimum of 10 consecutive business days.

The Company did not regain compliance with the Rule by July 22, 2019 and, as a result, on July 23, 2019, the Company received notice from the Staff that, based upon the Company’s continued non-compliance with the Rule, the Staff had determined to delist the Company’s common stock from Nasdaq unless the Company timely requests a hearing before the Nasdaq Hearings Panel (the “Panel”). The hearing occurred on September 19, 2019.

On October 1, 2019, the Panel granted the Company’s request for continued listing of the Company’s common stock on the Nasdaq Capital Market pursuant to an extension through January 20, 2020, subject to the condition that the Company regain compliance with the Bid Price Rule by such date and that the Company demonstrate compliance with all requirements for continued listing on the Nasdaq. In order to satisfy the Bid Price Rule and to make our common stock more attractive to certain institutional investors and thereby strengthen our investor base, we implemented a 1-for-15 reverse stock split of our outstanding shares of common stock. The reverse stock split was effective for Nasdaq Capital Market purposes at the open of business on November 19, 2019.

On November 19, 2019, the Company received formal notice from Nasdaq that the Company’s non-compliance with the minimum \$2.5 million stockholders’ equity requirement, as set forth in Nasdaq Listing Rule 5550(b)(1) (the “Stockholders’ Equity Rule”), as of September 30, 2019, could serve as an additional basis for delisting.

On February 7, 2020, the Company received the formal decision of the Panel, in which the Panel determined that the Company has evidenced full compliance with the Bid Price Rule, and granted the Company’s request for continued listing on Nasdaq pursuant to an extension, through May 18, 2020, to demonstrate compliance with the minimum \$2.5 million stockholders’ equity requirement.

On May 12, 2020, the Company received the formal decision of the Panel, in which the Panel determined that the Company has evidenced full compliance with the Stockholders’ Equity Rule. Accordingly, the Panel has determined to continue the listing of the Company’s securities on the Nasdaq Stock Market and is closing this matter.

**Notes to Condensed Consolidated Interim Financial Statements (unaudited)****U.S. dollars in thousands (except share data and per share data)**

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**Note 6 - Significant Events During the Reporting Period**

- a. On January 15, 2020, the Company conducted a public offering of its securities pursuant to which it issued 514,801 shares of its common stock and warrants to purchase up to 514,801 shares of common stock at an exercise price of \$3.76 per share for gross proceeds of \$2,000. The term of the warrants are five and a half years. The Company received net proceeds of \$1,694 after deducting placement agent fees and other offering expenses.
- b. In late 2019, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to several other countries, including Israel, and infections have been reported globally. Many countries around the world, including in Israel, have significant governmental measures being implemented to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. These measures have resulted in work stoppages and other disruptions and the Company's marketing and sales activities have been adversely affected by the coronavirus outbreak. For example, the Company has three ongoing pilots with international retailers that have been halted, the Company is unable to participate in industry conferences and its ability to meet with potential customers is limited. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. In particular, the continued spread of the coronavirus globally, could adversely impact our operations and workforce, including the Company's marketing and sales activities and ability to raise additional capital, which in turn could have an adverse impact on the Company's business, financial condition and results of operation.

**Note 7 – Events Subsequent To The Reporting Period**

On May 8, 2020, the Company conducted a public offering of its securities pursuant to which it issued 1,925,001 shares of its common stock, pre funded warrants to purchase up to 2,620,453 shares of common stock at an exercise price of \$0.001 per share and five-year warrants to purchase up to 4,545,454 shares of common stock at an exercise price of \$1.10 per share for gross proceeds of \$5,000. The net proceeds to the Company from the offering were approximately \$4,300, after deducting placement agent's fees and other estimated offering expenses payable by the Company. In addition, the Company issued to the placement agent five-year placement agent warrants to purchase 272,727 shares of common stock at an exercise price of \$1.375 per share. Subsequent to completion of the public offering, all pre-funded warrants were exercised.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion and analysis provides information that we believe to be relevant to an assessment and understanding of our results of operations and financial condition for the periods described. This discussion should be read together with our condensed consolidated interim financial statements and the notes to the financial statements, which are included in this Quarterly Report on Form 10-Q. This information should also be read in conjunction with the information contained in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on March 19, 2020, or the Annual Report, including the consolidated annual financial statements as of December 31, 2019 and their accompanying notes included therein.*

*This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. Any statements in this Quarterly Report on Form 10-Q about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "believe," "will," "expect," "anticipate," "estimate," "intend," "plan" and "would." For example, statements concerning financial condition, possible or assumed future results of operations, growth opportunities, industry ranking, plans and objectives of management, markets for our common stock and future management and organizational structure are all forward-looking statements. Forward-looking statements are not guarantees of performance. They involve known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to differ materially from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement.*

*Any forward-looking statements are qualified in their entirety by reference to the risk factors discussed throughout this Quarterly Report on Form 10-Q. Some of the risks, uncertainties and assumptions that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include but are not limited to:*

- *our history of losses and needs for additional capital to fund our operations and our inability to obtain additional capital on acceptable terms, or at all;*
- *our ability to continue as a going concern;*
- *risks related to the outbreak of coronavirus;*
- *the new and unproven nature of the measurement technology markets;*
- *our ability to achieve customer adoption of our products;*
- *our dependence on assets we purchased from a related party and the risk that such assets may in the future be repurchased;*
- *our ability to enhance our brand and increase market awareness;*
- *our ability to introduce new products and continually enhance our product offerings;*
- *the success of our strategic relationships with third parties;*
- *information technology system failures or breaches of our network security;*
- *competition from competitors;*
- *our reliance on key members of our management team;*
- *current or future litigation;*
- *the impact of the political and security situation in Israel on our business; and*
- *our ability to remain listed on the Nasdaq Capital Market.*



*The foregoing list sets forth some, but not all, of the factors that could affect our ability to achieve results described in any forward-looking statements. You should read this Quarterly Report on Form 10-Q and the documents that we reference herein and have filed as exhibits to the Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. You should assume that the information appearing in this Quarterly Report on Form 10-Q is accurate as of the date hereof. Because the risk factors referred to on page 12 of our Annual Report, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the information presented in this Quarterly Report on Form 10-Q, and particularly our forward-looking statements, by these cautionary statements.*

*Unless the context otherwise requires, all references to “we,” “us,” “our” or “the Company” in this Quarterly Report on Form 10-Q are to My Size, Inc. a Delaware corporation, and its subsidiaries, including MySize Israel 2014 Ltd. taken as a whole.*

## Overview

We are a creator of mobile device measurement solutions that has developed innovative solutions designed to address shortcomings in multiple verticals, including the e-commerce fashion/apparel, shipping/parcel and do it yourself, or DIY, industries. Utilizing our sophisticated algorithms within our proprietary technology, we can calculate and record measurements in a variety of novel ways, and most importantly, increase revenue for businesses across the globe.

Our solutions can be utilized to accurately take measurements of a variety of items via a mobile device. By downloading the application to a smartphone, the user is then able to run the mobile device over the surface of an item the user wishes to measure. The information is then automatically sent to a cloud-based server where the dimensions are calculated through our proprietary algorithms, and the accurate measurements (+ or - 2 centimeters) are then sent back to the user's mobile device. We believe that the commercial applications for this technology are significant in many areas.

Currently, we are mainly focusing on the e-commerce fashion/apparel industry. In addition, our solutions address the shipping/parcel and DIY uses markets.

We are in the commercialization phase of our products, although we have only generated minimal revenues to date. In recent months, we announced the planned launch of MySizeID in Australia with a global retail marketplace operator that is set to introduce an integrated, technology-based app for the custom apparel and merchandise industry, we entered into a license agreement for MySizeID with Penti, a leading multi-category retail fashion underwear brand, and we successfully integrated and launched the MySizeID smart measurement solution software development kit (SDK) for DeMoulin, a music performance group apparel company. In addition, we have also executed agreements with a number of additional retailers either directly or through our collaborations with WooCommerce, Shopify and Lightspeed. We also recently announced that BoxSize has been approved for Honeywell's global vendor program. We are also seeking to offer our MySizeID and BoxSize services in Russia, Turkey, and other territories in Europe.

While we rollout our products to major retailers and apparel companies, there is a lead time for new customers to ramp up before we can recognize revenue. This lead time varies between customers, especially when the customer is a tier 1 retailer, where the integration process may take longer. Generally, first we integrate our product into a customer's online platform, which is followed by piloting and implementation, and, assuming we are successful, commercial roll-out, all of which takes time before we expect it to impact our financial results in a meaningful way. While we have begun generating initial sales revenue, we do not expect to generate meaningful revenue during the upcoming quarters. In addition, the coronavirus outbreak has resulted in work stoppages and disruptions and our marketing and sales activities have been adversely affected. For example, we have three ongoing pilots with international retailers that have been halted, we are unable to participate in industry conferences and our ability to meet with potential customers is limited. Because of the numerous risks and uncertainties associated with the coronavirus outbreak, the success of our market penetration and our dependence on the extent to which MySizeID is adopted and utilized, we are unable to predict the extent to which we will recognize revenue. We may be unable to successfully develop or market any of our current or proposed products or technologies, those products or technologies may not generate any revenues, and any revenues generated may not be sufficient for us to become profitable or thereafter maintain profitability.

We recently entered into a non-binding letter of intent with Logystico LLC, or Logystico, a third party logistics fulfillment company that specializes in automating the order fulfillment process, to form a joint venture. Under the terms of the letter of intent, the joint venture will exclusively operate and manage micro-fulfillment centers using our BoxSize platform for retail vendors in the United States and we will initially have a 68% stake and Logystico will initially have a 32% stake in the joint venture entity. Establishment of the joint venture is subject to the entry into a definitive binding agreement.

## Important Information about COVID-19

In late 2019, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to Israel and the United States, and infections have been reported globally. Many countries around the world, including in Israel, have significant governmental measures implemented to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. These measures have resulted in work stoppages and other disruptions. Our sales and marketing efforts depend, in part, on attendance at in-person meetings, industry conferences and other events, and as a result some of our sales and marketing activities have been halted. The extent to which the coronavirus impacts our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain the coronavirus or treat its impact. In particular, the continued spread of the coronavirus globally, could have a material adverse impact on our operations and workforce, including our marketing and sales activities and ability to raise additional capital, which in turn could have a material adverse impact on our business, financial condition and results of operation.

## May 2020 Public Offering

On May 8, 2020, we completed a public offering, or the Public Offering of (i) 1,925,001 units, or the Units, each Unit consisting of one share of common stock and one warrant to purchase one share of common stock, or the Warrant, at a price of \$1.10, and 2,620,453 pre-funded units, or the Pre-funded Units, each Pre-funded Unit consisting of one pre-funded warrant to purchase one share of common stock, or the Pre-funded Warrant, and one Warrant, at a price of \$1.099 per Pre-funded Unit. Subject to certain ownership limitations described in the Warrants, Warrants are immediately exercisable, have an exercise price of \$1.10 per share of common stock, and will expire five years from the date of issuance. The exercise price of the Warrants is subject to adjustment for stock splits, reverse splits, and similar capital transactions as described in the Warrants. In connection with the Public Offering, we issued an aggregate of Warrants to purchase an aggregate of 4,545,454 shares of common stock and subsequent to the completion of the Public Offering, all Pre-funded Warrants were exercised.

Subject to certain ownership limitations described in the Pre-Funded Warrants, the Pre-Funded Warrants are immediately exercisable and may be exercised at a nominal consideration of \$0.001 per share of common stock any time until all of the Pre-Funded Warrants are exercised in full. A holder will not have the right to exercise any portion of the Warrants or the Pre-Funded Warrants if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, at the election of the holder, 9.99%) of the number of shares of common stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the Warrants or the Pre-Funded Warrants, respectively. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99% upon notice to us, provided that any increase in such percentage shall not be effective until 61 days after such notice.

In connection with the Public Offering, we entered into a Securities Purchase Agreement, or the Purchase Agreement, with certain institutional investors. The Purchase Agreement contains customary representations and warranties of the Company, termination rights of the parties, and certain indemnification obligations of the Company and ongoing covenants of the Company, including a prohibition on issuance of our common stock or securities convertible or exchangeable into common stock for a period of 90 days after the date of the Purchase Agreement and a prohibition on entering into variable rate transactions for a period of 12 months after the date of the Purchase Agreement, subject to certain exceptions.

The net proceeds from the Public Offering were approximately \$4.3 million, after deducting placement agent's fees and other estimated offering expenses payable by us. We intend to use the net proceeds from this offering for the establishment of a joint venture, working capital and general corporate purposes.

We are also party to an engagement letter, or the Engagement Letter, with H.C. Wainwright & Co., LLC, or Wainwright, pursuant to which Wainwright acted as exclusive placement agent for the Offering. In connection with the Offering, we paid to Wainwright a cash placement fee of \$350,000, which represents 7.0% of the gross proceeds raised in the Public Offering, a management fee of \$50,000, which represents 1% of the gross proceeds raised in the Public Offering, a payment for non-accountable expenses of \$35,000, a reimbursement for legal fees and expenses of \$70,000, and \$12,900 for closing fees. Pursuant to the Engagement Letter, Wainwright issued to Wainwright's designees compensation warrants, or the Placement Agent Warrants, to purchase up to 272,727 shares of common stock, which represents 6.0% of the gross proceeds of the aggregate number of shares of commons and Pre-funded Warrants sold in the Public Offering. Wainwright has substantially the same terms as the Warrants, except that the Placement Agent Warrants have an exercise price equal to 125% of the per share purchase price, or \$1.375 per share, and expire on the five year anniversary of the effective date of the registration statement.

Pursuant to the anti-dilution adjustment provisions in outstanding warrants to purchase 144,277 shares of common stock, the per share exercise price was reduced to \$0.9289, following the issuance of the securities in the Public Offering.

#### **Nasdaq Continued Listing Deficiency**

On January 22, 2019, we were notified by the Nasdaq Stock Market, LLC, or Nasdaq, that we were not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2) for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum bid price of \$1.00 per share, and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. The notification provided that we had 180 calendar days, or until July 22, 2019, to regain compliance with Nasdaq Listing Rule 5550(a)(2). To regain compliance, the bid price of our common stock must have a closing bid price of at least \$1.00 per share for a minimum of 10 consecutive business days. We did not regain compliance with the Rule by July 22, 2019, and, as a result, on July 23, 2019, we received notice from the Staff that, based upon our continued non-compliance with the Rule, the Staff had determined to delist our common stock from Nasdaq unless we timely request a hearing before the Nasdaq Hearings Panel, or the Panel.

On October 1, 2019, the Panel granted our request to continue the listing of our common stock on the Nasdaq Capital Market, subject to our satisfaction of certain conditions including, among other things, compliance with the minimum \$1.00 bid price requirement by no later than January 20, 2020. In order to satisfy the minimum \$1.00 bid price requirement and to make our common stock more attractive to certain institutional investors and thereby strengthen our investor base, we implemented a 1-for-15 reverse stock split of our outstanding shares of common stock. The reverse stock split was effective for Nasdaq Capital Market purposes at the open of business on November 19, 2019. Additionally, on November 19, 2019, we received formal notice from Nasdaq of our non-compliance with the minimum \$2.5 million stockholders' equity requirement, as set forth in Nasdaq Listing Rule 5550(b)(1), or the Stockholders' Equity Rule. In accordance with the Nasdaq Listing Rules, we subsequently presented our plan to regain compliance with the Stockholders' Equity Rule for the Panel's consideration. On February 7, 2020, we received a notification from the Staff that the Panel granted our request for continued listing on the Nasdaq Stock Market until May 18, 2020. On May 12, 2020, we received written notice from Nasdaq informing us that we have regained compliance with the continued listing requirements under the Stockholders' Equity Rule, and this matter is now closed.

## Results of Operations

The table below provides our results of operations for the periods indicated.

	Three months ended	
	March 31	
	2020	2019
	(dollars in thousands)	
Revenues	30	20
Cost of revenues	(1)	(1)
Gross profit	29	19
Research and development expenses	(348)	(292)
Sales and marketing expenses	(625)	(371)
General and administrative expenses	(516)	(619)
Operating loss	(1,460)	(1,263)
Financial income (expenses), net	1	(264)
Net loss	(1,459)	(1,527)

### Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

#### Revenues

From inception through December 31, 2018, we did not generate any revenue from operations and we continue to expect to incur additional losses to increase our sales and marketing efforts and to perform further research and development activities. We started to generate revenues only in 2019. Our revenues for the three months ended March 31, 2020 amounted to \$30,000 compared to \$20,000 for the three months ended March 31, 2019. The increase from the corresponding period primarily resulted from additional pilot and license agreements.

### ***Research and Development Expenses***

Our research and development expenses for the three months ended March 31, 2020 amounted to \$348,000 compared to \$292,000 for the three months ended March 31, 2019. The increase from the corresponding period primarily resulted from the hiring of new employees and expenses associated with share-based payments to our employees offset by a decrease in payments to subcontractors.

### ***Sales and Marketing Expenses***

Our sales and marketing expenses for the three months ended March 31, 2020 amounted to \$625,000 compared to \$345,000 for the three months ended March 31, 2019. The increase in comparison with the corresponding period was mainly due to an increase in payroll expenses due to the hiring of a sales team, an increase in sales and marketing expenses and increase in share-based payments offset by decrease in travel expenses.

### ***General and Administrative Expenses***

Our general and administrative expenses for the three months ended March 31, 2020 amounted to \$516,000 compared to \$645,000 for the three months ended March 31, 2019. The decrease in comparison with the corresponding period was mainly due to a decrease in payroll expenses and share-based payments offset by an increase in insurance expenses.

### ***Operating Loss***

As a result of the foregoing, for the three month ended March 31, 2020, our operating loss was \$1,460,000, an increase of \$197,000, or 16%, compared to our operating loss for the three month ended March 31, 2019 of \$1,263,000.

### ***Financial Income (Expenses), Net***

Our financial income, net for the three months ended March 31, 2020 amounted to \$1,000 as opposed to financial expenses of \$264,000 for the three months ended March 31, 2019. During the three months ended March 31, 2020, we had financial income of \$12,000 from revaluation of investment in marketable securities whereas in the corresponding period we had financial expenses primarily due to exchange rate differences and revaluation of investment in marketable securities and financial income related to the revaluation of warrants.

### ***Net Loss***

As a result of the foregoing research and development, sales and marketing general and administrative expenses initial revenues, and financial expenses, our net loss for the three months ended March 31, 2020 was \$1,459,000, compared to net loss of \$1,527,000 for the three months ended March 31, 2019. The decrease in net loss was mainly due income from revaluation of investment in marketable securities as opposed to expenses in the corresponding period offset by an increase in sales and marketing expenses.

## Liquidity and Capital Resources

Since our inception, we have funded our operations primarily through public and private offerings of debt and equity in the State of Israel and in the U.S.

As of March 31, 2020, we had cash, cash equivalents and restricted cash of \$1,691,000 compared to \$1,466,000 of cash, cash equivalents and restricted cash as of December 31, 2019. This increase primarily resulted from the registered direct offering and concurrent private placement resulting in net proceeds of \$1,694,000 that was conducted in January 2020 offset by our operating activities.

On May 8, 2020, we completed a public offering of our securities pursuant to which we issued 1,925,001 shares of our common stock, pre funded warrants to purchase up to 2,620,453 shares of common stock at an exercise price of \$0.001 per share and five-year warrants to purchase up to 4,545,454 shares of common stock at an exercise price of \$1.10 per share for gross proceeds of \$5 million. The net proceeds to us from the offering were approximately \$4.3 million, after deducting placement agent's fees and other estimated offering expenses payable by us.

On September 13, 2019, we entered into an At the Market Offering Agreement with Wainwright. According to the agreement, we may offer and sell, from time to time, our shares of common stock having an aggregate offering price of up to \$5.5 million through Wainwright or the ATM Prospectus Supplement. From September 13, 2019 until January 15, 2020, we issued 87,756 shares of common stock at an average price of \$4.77 per share through the ATM Prospectus Supplement, resulting in net proceeds of \$418,524. We paid a commission equal to 3% of the gross proceeds from the sale of our shares of common stock under the ATM Prospectus Supplement. On January 15, 2020, we terminated the ATM Prospectus Supplement, but the offering agreement remains in full force and effect.

Cash used in operating activities amounted to \$1,436,000 for the three months ended March 31, 2020, compared to \$1,199,000 for the three months ended March 31, 2019.

Net cash used in investing activities was \$27,000 for the three months ended March 31, 2020, compared to cash provided by investing activities of \$1,375,000 for the three months ended March 31, 2019.

Net cash provided by financing activities was \$1,694,000 for the three months ended March 31, 2020, compared to none for the three months ended March 31, 2019. The cash flow from financing activities for the three months ended March 31, 2020 resulted from the registered direct offering and concurrent private placement of our securities in January 2020.

We do not have any material commitments for capital expenditures during the next twelve months.

We expect to continue to generate losses and negative cash flows from operations for the foreseeable future and expect to need to obtain additional funds in the future. As a result, there is substantial doubt about the Company's ability to continue as a going concern. However, we will need to raise additional capital, which may not be available on reasonable terms or at all. Additional capital would be used to accomplish the following:

- finance our current operating expenses;
- pursue growth opportunities;
- hire and retain qualified management and key employees;
- respond to competitive pressures;
- comply with regulatory requirements; and
- maintain compliance with applicable laws and exchange rules.

Current conditions in the capital markets are such that traditional sources of capital may not be available to us when needed or may be available only on unfavorable terms. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets, the coronavirus outbreak, economic conditions and a number of other factors, many of which are outside our control, and on our financial performance. Accordingly, we cannot assure you that we will be able to successfully raise additional capital at all or on terms that are acceptable to us. If we cannot raise additional capital when needed, it may have a material adverse effect on our business, results of operations and financial condition.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of such securities could result in substantial dilution for our current stockholders. The terms of any securities issued by us in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of our securities then-outstanding. We may issue additional shares of our common stock or securities convertible into or exchangeable or exercisable for our common stock in connection with hiring or retaining personnel, option or warrant exercises, future acquisitions or future placements of our securities for capital-raising or other business purposes. The issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our common stock to decline and existing stockholders may not agree with our financing plans or the terms of such financings. In addition, we may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may adversely impact our financial condition. Furthermore, any additional debt or equity financing that we may need may not be available on terms favorable to us, or at all. If we are unable to obtain such additional financing on a timely basis, we may have to curtail our development activities and growth plans and/or be forced to sell assets, perhaps on unfavorable terms, or we may have to cease our operations, which would have a material adverse effect on our business, results of operations and financial condition.

#### **Off-Balance Sheet Arrangements**

We have not entered into any transactions with unconsolidated entities in which we have financial guarantees, subordinated retained interests, derivative instruments or other contingent arrangements that expose us to material continuing risks, contingent liabilities or any other obligations under a variable interest in an unconsolidated entity that provides us with financing, liquidity, market risk or credit risk support.

#### **Functional Currency**

We reassessed our functional currency and determined to change its functional currency to the U.S. dollar from the NIS as of January 1, 2020. The change in functional currency was accounted for prospectively from that date. In 2019, we went through a strategic shift which involved a significant change in our business model, that clearly indicates that the functional currency has changed, beginning January 2020. In previous years, we acted as a platform to fund our operational subsidiary, My Size Israel, which conducts our research and development activities in NIS. Accordingly, we have not been substantially focused on our operating activities for that period. By the end of 2018, we transitioned to a new business model (B2B2C) and concluded that the main market that we should focus on would be the apparel market in the US. Consequently, we established marketing and distribution channels in the US along with having a new pricing model denominated in USD. Throughout 2019, we hired sales personnel which are based in the US and signed agreements with customers for which we began generating revenue in USD for the first time since it began its operations. Accordingly, by the end of 2019, we are no longer considered a 'holding company' for the matter of determining its functional currency under ASC 830 based on the currency of its operating entities. As a result of being an operational company that enters into operational agreements and generates revenues on an ongoing basis, our management has concluded that as of January 1 2020, the currency that most faithfully portrays the economic results of our operations is the U.S. dollar.

My Size Israel functional currency remains the NIS.

Our presentation currency of the financial statements was and will remain U.S. dollar.

#### **Application of Critical Accounting Policies and Estimates**

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported expenses during the reporting periods. Actual results may differ from these estimates under different assumptions or conditions.

While our significant accounting policies are more fully described in the notes to our financial statements appearing elsewhere in this report, we believe that the accounting policies discussed below are critical to our financial results and to the understanding of our past and future performance, as these policies relate to the more significant areas involving management's estimates and assumptions. We consider an accounting estimate to be critical if: (1) it requires us to make assumptions because information was not available at the time or it included matters that were highly uncertain at the time we were making our estimate; and (2) changes in the estimate could have a material impact on our financial condition or results of operations.



### ***Revenue from Contracts with Customers***

The Financial Accounting Standards Board, or FASB, issued Accounting Standards Update, or ASU, 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), an updated standard on revenue recognition and issued subsequent amendments to the initial guidance in March 2016, April 2016, May 2016 and December 2016 within ASU 2016-08, 2016-10, 2016-12 and 2016-20, respectively (collectively, “ASC 606”). The core principle of the new standard is for companies to recognize revenue to depict the transfer of services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods and services. The Company has adopted the standard effective January 1, 2018.

To recognize revenue under ASC 606, the Company applies the following five steps:

1. Identify the contract with a customer. A contract with a customer exists when the Company enters into an enforceable contract with a customer and the Company determines that collection of substantially all consideration for the services is probable.
2. Identify the performance obligations in the contract.
3. Determine the transaction price. The transaction price is determined based on the consideration to which the Company will be entitled in exchange for providing the service to the customer.
4. Allocate the transaction price to performance obligations in the contract. If a contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation.
5. Recognize revenue when or as the Company satisfies a performance obligation. When the Company provides a service, revenue is recognized over the service term.

The Company’s revenue is derived from the sale of cloud-enabled software subscriptions, associated software maintenance and support.

Revenue is recognized when a contract exists between the Company and a customer (business) and upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. The Company enters into contracts that can include various combinations of products and services, which may be capable of being distinct and accounted for as separate performance obligations. In case of offerings such as cloud-enabled subscription, other service elements in the contract are generally delivered concurrently with the subscription services and therefore revenue is recognized in a similar manner as the subscription services.

### ***Product, Subscription and Services Offerings***

Such performance obligations includes cloud-enabled subscriptions, software maintenance, training and technical support.

Fully hosted subscription services (SaaS) allow customers to access hosted software during the contractual term without taking possession of the software. Cloud-hosted subscription services are sold on a fee-per-subscription that is based on consumption or usage (per fit recommendation).

We recognize revenue ratably over the contractual service term for hosted services that are priced based on a committed number of transactions where the delivery and consumption of the benefit of the services occur evenly over time, beginning on the date the services associated with the committed transactions are first made available to the customer and continuing through the end of the contractual service term. Over-usage fees and fees based on the actual number of transactions are billed in accordance with contract terms as these fees are incurred and are included in the transaction price of an arrangement as variable consideration. Fees based on a number of transactions or impressions per month, are allocated to the period in which the transactions occur. Revenue for subscriptions sold as a fee per period is recognized ratably over the contractual term as the customer simultaneously receives and consumes the benefit of the underlying service.

#### ***Equity-based compensation***

The Company accounts for its employees' stock-based compensation as an expense in the financial statements based on ASC 718. All awards are equity classified and therefore such costs are measured at the grant date fair value of the award and graded vesting attribution approach to recognize compensation cost over the vesting period. The Company estimates stock option grant date fair value using the Binomial option pricing-model.

We recorded stock options issued to non-employees at fair value, remeasured to reflect the current fair value at each reporting period and recognized expenses over the service period. The Company elected to early implement ASU 2018-07, Stock Compensation: Improvements to Nonemployee stock-Based Payment Accounting, from October 1, 2018.

In accordance with ASU 2018-07, we measured stock options at the implementation date and reclassified the stock based payments from a liability stock-based payments awards to equity stock-based payments awards. The fair value as of the implementation date will be recognized over the remaining service period. We estimate share option grant date fair value using the Binomial option-pricing model.

The expected volatility of the share prices reflects the assumption that the historical volatility of the share prices is reasonably indicative of expected future trends.

The risk-free interest rate for grants with an exercise price denominated in USD for employees and several consultants is based on the yield from US treasury zero-coupon bonds with an equivalent term.

The Company has historically not paid dividends and has no foreseeable plans to pay dividends.

**Item 3. Quantitative and Qualitative Disclosure About Market Risk.**

Not required for a smaller reporting company.

**Item 4. Controls and Procedures.****Disclosure Controls and Procedures**

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules and regulations thereunder, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) under the Exchange Act, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2020. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of March 31, 2020 were effective.

Our Chief Executive Officer and Chief Financial Officer do not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

**Changes in Internal Controls**

During the most recent fiscal quarter, no change has occurred in our internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## Part II – Other Information

### Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

On August 7, 2018, we commenced an action against North Empire LLC, or North Empire, in the Supreme Court of the State of New York, County of New York for breach of a Securities Purchase Agreement or Agreement in which we are seeking damages in an amount to be determined at trial, but in no event less than \$616,000. On August 2, 2018, North Empire filed a Summons with Notice against us, also in the same Court, in which they allege damages in an amount of \$11.4 million arising from an alleged breach of the Agreement. On September 6, 2018, North Empire filed a Notice of Discontinuance of the action it had filed on August 2, 2018. On September 27, 2018, North Empire filed an answer and asserted counterclaims in the action commenced by us against them, alleging that we failed to deliver stock certificates to North Empire causing damage to North Empire in the amount of \$10,958,589. North Empire also filed a third-party complaint against our CEO and now former Chairman of the Board asserting similar claims against them in their individual capacities. On October 17, 2018, we filed a reply to North Empire's counterclaims. On November 15, 2018, our CEO and now former Chairman of the Board filed a motion to dismiss North Empire's third-party complaint. On January 6, 2020, the Court granted the motion and dismissed the third-party complaint. The parties are now engaging in discovery in connection with the claims and counterclaims. We intend to vigorously defend any claims made by North Empire.

### Item 1A. Risk Factors.

Not required for a smaller reporting company.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable.

### Item 5. Other Information.

None.

**Item 6. Exhibits.**

<b>Exhibit Number</b>	<b>Description of Exhibits</b>
31.1*	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C Section 1350, as adopted Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2*	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Schema
101.CAL*	XBRL Taxonomy Calculation Linkbase
101.DEF*	XBRL Taxonomy Definition Linkbase
101.LAB*	XBRL Taxonomy Label Linkbase
101.PRE*	XBRL Taxonomy Presentation Linkbase

\* Filed herewith

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**My Size, Inc.**

Date: May 14, 2020

By: /s/ Ronen Luzon  
Ronen Luzon  
Chief Executive Officer  
(Principal Executive Officer)

Date: May 14, 2020

By: /s/ Or Kles  
Or Kles  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and pursuant to Rule 13a-14(a) and Rule 15d-14 under the Securities Exchange Act of 1934**

I, Ronen Luzon certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of My Size, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations: and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2020

By: /s/ Ronen Luzon

Ronen Luzon  
Chief Executive Officer  
(Principal Executive Officer)

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**Certification pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and pursuant to Rule 13a-14(a) and Rule 15d-14 under the Securities Exchange Act of 1934**

I, Or Kles, certify that:

- 1 I have reviewed this Quarterly Report on Form 10-Q of My Size, Inc.;
- 2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluations: and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 14, 2020

By: /s/ Or Kles

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Or Kles  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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**CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of My Size, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronen Luzon, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Company's Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 14, 2020

By: /s/ Ronen Luzon

Ronen Luzon  
Chief Executive Officer  
(Principal Executive Officer)

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**CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of My Size, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Or Kles, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Company's Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 14, 2020

By: /s/ Or Kles  
Or Kles  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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