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 June 30, 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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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	☐	Accelerated filer	☐
Non-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 August 4, 2020, 7,232,836 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 June 30, 2020

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My Size Inc. and Subsidiaries

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As of June 30, 2020
(unaudited)
U.S. Dollars in Thousands

Condensed Consolidated Interim Financial Statements as of June 30, 2020 (Unaudited)

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Condensed Consolidated Interim Balance Sheets

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

	June 30, 2020	December 31, 2019
	(Unaudited)	(Audited)
Assets		
Current Assets:		
Cash and cash equivalents	4,549	1,203
Restricted cash	93	263
Restricted deposits	182	-
Accounts receivable	27	38
Other receivables and prepaid expenses	274	321
Total current assets	5,125	1,825
Property and equipment, net	128	141
Right-of-use assets	921	966
Investment in marketable securities	41	26
Total non-current assets	1,090	1,133
Total assets	6,215	2,958
Liabilities and stockholders' equity		
Current liabilities:		
Operating lease liability	115	102
Trade payables	348	440
Accounts payable	361	378
Warrants and derivatives	-	328
Total current liabilities	824	1,248
Operating lease liabilities	598	659
Total non-current liabilities	598	659
Total liabilities	1,422	1,907
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Stock Capital -		
Common stock of $ 0.001 par value - Authorized: 100,000,000 shares; Issued and outstanding: 7,157,836 and 2,085,900 as of June 30, 2020 and December 31, 2019, respectively	7	2
Additional paid-in capital	36,599	30,102
Accumulated other comprehensive loss	(536)	(539)
Accumulated deficit	(31,277)	(28,514)
Total stockholders' equity	4,793	1,051
Total liabilities and stockholders' equity	6,215	2,958

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

Condensed Consolidated Interim Statements of Comprehensive Loss

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

	Six-Months Ended June 30,		Three-Months Ended June 30,	
	2020	2019	2020	2019
	$ thousands (Unaudited)	$ thousands (Unaudited)	$ thousands (Unaudited)	$ thousands (Unaudited)
Revenues	51	25	21	5
Cost of revenues	(1)	(1)	-	-
Gross profit	50	24	21	5
Operating expenses				
Research and development	(688)	(671)	(340)	(379)
Sales and marketing	(1,077)	(861)	(452)	(479)
General and administrative	(1,078)	(1,318)	(562)	(710)
Total operating expenses	(2,843)	(2,850)	(1,354)	(1,568)
Operating loss	(2,793)	(2,826)	(1,333)	(1,563)
Financial income (expenses), net	30	(67)	29	197
Net loss	(2,763)	(2,893)	(1,304)	(1,366)
Other comprehensive income (loss):				
Foreign currency translation differences	3	234	4	70
Total comprehensive income (loss)	(2,760)	(2,659)	(1,300)	(1,296)
Basic and diluted loss per share	(0.72)	(1.5)	(0.25)	(0.75)
Basic and diluted weighted average number of shares outstanding	3,835,651	1,991,161	5,166,772	1,992,151

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

Condensed Consolidated Interim Statements of Changes in Stockholders' Equity
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	-	-	163	-	-	163
Issuance of shares, net of issuance cost of $1,160	2,439,802	3	5,992	-	-	5,995
Exercise of warrants and pre funded warrants	2,632,134	2	14			16
Liability reclassified to equity (*)	-	-	328	-	-	328
Total comprehensive loss	-	-	-	3	(2,763)	(2,760)
Balance as of June 30, 2020	7,157,836	7	36,599	(536)	(31,277)	4,793

(*) 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	-	-	374	-	-	374
Issuance of shares to consultants	2,084	(**)	48	-	-	48
Total comprehensive loss	-	-	-	234	(2,893)	(2,659)
Balance as of June 30, 2019	1,992,243	2	29,566	(601)	(25,910)	3,057

(**) Represents an amount less than $1

	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Number	Amount				
Balance as of April 1, 2020	2,600,701	3	32,193	(540)	(29,973)	1,683
Stock-based compensation related to options granted to employees and consultants	-	-	93	-	-	93
Issuance of shares, net of issuance cost of $848	1,925,001	2	4,299	-	-	4,301
Exercise of warrants and pre funded warrants	2,632,134	2	14	-	-	16
Total comprehensive loss	-	-	-	4	(1,304)	(1,300)
Balance as of June 30, 2020	7,157,836	7	36,599	(536)	(31,277)	4,793

	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Number	Amount				
Balance as of April 1, 2019	1,990,159	2	29,244	(671)	(24,544)	4,031
Stock-based compensation related to options granted to employees and consultants	-	-	274	-	-	274
Issuance of shares to consultants	2,084	(**)	48			48
Total comprehensive loss	-	-	-	70	(1,366)	(1,296)
Balance as of June 30, 2019	1,992,243	2	29,566	(601)	(25,910)	3,057

(**) Represents an amount less than $1

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

	Six-Months Ended June 30,	
	2020	**2019**
	(Unaudited)	**(Unaudited)**
Cash flows from operating activities:		
Net loss	(2,763)	(2,893)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	19	13
Amortization of operating lease right-of-use asset	21	-
Revaluation of warrants and derivatives	(19)	(269)
Interest and revaluation of short-term deposit	-	54
Interest received from short-term deposit	-	16
Revaluation of investment in marketable securities	(15)	104
Stock based compensation	163	422
Decrease in accounts receivables	11	-
Decrease in other receivables and prepaid expenses	64	127
Decrease in trade payable	(90)	(89)
(Decrease) increase in accounts payable	(16)	91
Net cash used in operating activities	(2,625)	(2,424)
Cash flows from investing activities:		
Proceeds from short-term deposits	-	1,200
(Investing in) proceeds from restricted deposits	(170)	181
Investment in right-of-use asset	(25)	-
Purchase of property and equipment	(5)	(15)
Net cash provided by (used in) investing activities	(200)	1,366
Cash flows from financing activities:		
Proceeds from issuance of shares and pre-funded warrants, net of issuance costs	6,011	-
Net cash provided by financing activities	6,011	-
Effect of exchange rate fluctuations on cash and cash equivalents	(10)	240
Increase in cash, cash equivalents and restricted cash	3,176	(818)
Cash, cash equivalents and restricted cash at the beginning of the period	1,466	5,230
Cash, cash equivalents and restricted cash at the end of the period	4,642	4,412

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

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 three subsidiaries, My Size Israel 2014 Ltd. and Topspin Medical (Israel) Ltd., both of which are incorporated in Israel and My Size LLC which was incorporated in Russian Federation. References to the Company include the subsidiaries unless the context indicates otherwise.

b. During the six month period ended June 30, 2020, the Company has incurred significant losses and negative cash flows from operations and has an accumulated deficit of $31,277. The Company has financed its operations mainly through fundraising from various investors.

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 June 30, 2020, management is of the opinion that its existing cash will be sufficient to fund operations until the end of the second quarter of 2021. As a result, 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 six months ended June 30, 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.

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.

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.

	June 30, 2020		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets			
Investment in marketable securities (*)	-	41	-

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

Note 3 - Financial Instruments (Cont.)

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

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

(*) For the six and three month periods ended June 30, 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 $15 and $3, and $104 and $(425), 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:

	Six months ended June 30,		Three months ended June 30,	
	2020	2019	2020	2019
Stock-based compensation expense - Research and development	51	92	31	84
Stock-based compensation expense - Sales and marketing	46	155	24	118
Stock-based compensation expense - General and administrative	66	175	38	120
	163	422	93	322

Options issued to consultants:

During the six month period ended June 30, 2020, the Company granted 13,500 options to consultants. No such options were exercised and 8,338 options expired.

The total stock option compensation expense during the six and three month period ended June 30, 2020 and 2019 which was recorded under sales and marketing was $5, $1, $59 and $6 respectively and under general and administrative was $12, $6, $55 and $27, respectively.

Note 4 - Stock Based Compensation (Cont.)

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 On May 8, 2020 the Company completed a public offering of (i) 1,925,001 units, each unit consisting of one share of common stock, and one warrant to purchase one share of common stock at a price of $1.10, and (ii) 2,620,453 pre-funded units, each pre-funded unit consisting of one pre-funded warrant to purchase one share of common stock and one warrant, at a price of $1.099 per pre-funded unit. The net proceeds to the Company from the offering were approximately $4.3 million, after deducting placement agent's fees and other offering expenses payable by the Company.

The warrants to purchase an aggregate of 4,545,454 shares of common stock are immediately exercisable and may be exercised at a consideration of $1.10 per share. The term of the warrants are five and a half years. Pre-funded warrants were immediately exercisable and were exercisable at a nominal consideration of $0.001 per share. During May, 2020, the pre-funded warrants were exercised in full and therefore are no longer outstanding.

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 272,727 shares of common stock, at an exercise price of $1.375 per share and a term expiring on May 6, 2025.

The warrants were measured at fair value of $160.

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.

c. 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 that were not exercised 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. . In August 2020, the Company's shareholders approved an increase in the number of shares available for issuance under the Plan to 1,450,000 (see note 7 below).

On May 25, 2020, the Compensation Committee of the Board of Directors of the Company reduced the exercise price of outstanding options of employees and directors of the Company for the purchase of an aggregate of 140,237 shares of common stock of the Company (with exercise prices ranging between $18.15 and $9.15) to $1.04 per share, which was the closing price for the Company's common stock on May 22, 2020, and extended the term of foregoing options for an additional one year from the original date of expiration. The incremental compensation cost resulting from the repricing was $53, and the expenses during both the six and three months ended June 30, 2020 were $43.

During the six and three month period ended June 30, 2020, there were no grants of stock options under the Plan, no such options were exercised and options to purchase 22,000 and 21,667 shares of common stock expired, respectively. In August 2020, the Company granted options to purchase an aggregate of up to 917,000 shares of common stock to directors, officers and employees of the Company (see note 7 below).

The total stock option compensation expense during the six and three month period ended June 30, 2020 and 2019 which was recorded was $103 and $42, and $311 and $294, respectively.

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. Previously, on August 5, 2019, at the annual meeting of the Company's stockholders, discretionary authority was granted to the Company's board of directors to effect a reverse stock split at any time until August 5, 2020 at a ratio within the range from one for two up to one for thirty.

   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 minimum $1.00 per share bid price requirement, 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.

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. 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 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.

c. 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. The Company has implemented remote working and work place protocols for its employees in accordance with government requirements. In addition, while the Company has seen an increased demand for MySizeID, certain 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 physically in industry conferences and its ability to meet with potential customers is limited. The extent to which the coronavirus impacts the Company's 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 materially adversely impact the Company's operations and workforce, including its marketing and sales activities and ability to raise additional capital, which in turn could have a material adverse impact on the Company's business, financial condition and results of operation.

Note 7 – Events Subsequent To The Reporting Period

On August 10, 2020, the Company's shareholders approved an increase in the shares available for issuance under the Plan from 200,000 to 1,450,000 shares.

As a result and pursuant to approval of the Company's compensation committee that was contingent on the foregoing shareholder approval, the following occurred on August 10, 2020: (i) the number of shares available for issuance under the Company's 2017 Consultant Incentive Plan reduced from 466,667 to 216,667 shares: (ii) the Company to the Company's Chief Executive Officer (A) five-year options to purchase up to 160,000 ordinary shares at an exercise price of $1.04 per share. One quarter of such options vest on November 26, 2020, one quarter vest on May 26, 2021, one quarter vest on November 26, 2021 and one quarter vest on May 26, 2022, and (B) 80,000 performance-based restricted stock units, each representing the right to receive one share of common stock, which vest (x) upon the Company generating revenue of at least $50,000 in the Russian Federation during the year ending 2020, or (y) upon the Company generating revenue of at least $500,000 in the Russian Federation during the year ending 2021; (iii) the Company granted five-year options to purchase up to 130,000 ordinary shares to the Company's Chief Financial Officer at an exercise price of $1.04 per share. One quarter of such options vest on November 26, 2020, one quarter vest on May 26, 2021, one quarter vest on November 26, 2021 and one quarter vest on May 26, 2022; (iv) the Company granted five-year options to purchase up to 130,000 ordinary shares to the Company's Chief Operating Officer and Chief Product Officer at an exercise price of $1.04 per share. One quarter of such options vest on November 26, 2020, one quarter vest on May 26, 2021, one quarter vest on November 26, 2021 and one quarter vest on May 26, 2022; (v) the Company granted five-year options to purchase up to 325,893 ordinary shares to other employees of the Company at an exercise price of $1.04 per share. One quarter of such options vest on November 26, 2020, one quarter vest on May 26, 2021, one quarter vest on November 26, 2021 and one quarter vest on May 26, 2022; and (vi) the Company granted five-year options to purchase up to 30,000 ordinary shares to each of the Company's non-employee board members at an exercise price of $1.04 per share. These options vest on November 26, 2020.

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. MySizeID has been incorporated into a number of major retailers including DeMoulin, U.S. Polo Assn., Slam and Refrigiwear, and MySizeID is also available on leading e-commerce websites including WooCommerce, Shopify and Lightspeed. In recent months, we announced an increase in online apparel sales and reduction in returns of online orders of Penti customers utilizing MySizeID; we reported that in June 2020 that we generated over 1.2 million size recommendations; we opened a subsidiary in Russia; two French retail brands, La Pièce and Habillez-moi, are integrating MySizeID into their e-commerce websites; we integrated MySizeID into Sweet Fit, a virtual fitting mirror; we received a notice of allowance from the USPTO for our patent application, titled: "A system for and a method of measuring a path length using a handheld electronic device"; we hired two new sales executives in France; we developed a contactless shopping feature for the MySizeID application; we released the new OneClick feature for the BoxSize application; and we received a notice of allowance from the Russian Patent & Trademark Office for our patent application, titled: "A system for and a method of measuring a path length using a handheld electronic device."

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-fulfilment 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. We implemented remote working and work place protocols for our employees in accordance with Israeli government requirements. In addition, while we have seen an increased demand for MySizeID, certain marketing and sales activities have been adversely affected by the coronavirus outbreak. For example, we have three ongoing pilots with international retailers that have been halted, we are unable to participate physically in industry conferences and our 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 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 of (i) 1,925,001 units, each unit consisting of one share of common stock and one warrant to purchase one share of common stock at a price of $1.10, and (ii) 2,620,453 pre-funded units, each pre-funded unit consisting of one pre-funded warrant to purchase one share of common stock and one warrant, at a price of $1.099 per pre-funded unit. In connection with the public offering, we issued warrants to purchase an aggregate of 4,545,454 shares of common stock. The warrants have an exercise price of $1.10 per share of common stock, are exercisable upon issuance 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.

The pre-funded warrants were immediately exercisable and was exercisable 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. During May 2020, all pre-funded warrants were exercised. A holder will not have the right to exercise any portion of the 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. 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.

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.

In connection with the public offering, we paid the placement agent a fees and expenses of $517,900 and issued to the placement agent's designees placement agent warrants to purchase up to 272,727 shares of common stock. The placement agent warrants are substantially the same terms as the warrants, except they 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). 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.

Reverse Stock Split

We implemented a 1-for-15 reverse stock split of our outstanding shares of common stock that was effective for Nasdaq Capital Market purposes at the open of business on November 19, 2019. All share and related option and warrant information presented in this prospectus supplement have been retroactively adjusted to reflect the reduced number of shares and the increase in the share price which resulted from this action.

Results of Operations

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

	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
	(dollars in thousands)		(dollars in thousands)	
Revenues	$ 21	$ 5	$ 51	$ 25
Cost of revenues	-	-	(1)	(1)
Gross profit	21	5	50	24
Research and development expenses	(340)	(379)	(688)	(671)
Sales and marketing	(452)	(479)	(1,077)	(861)
General and administrative	(562)	(710)	(1,078)	(1,318)
Operating loss	(1,333)	(1,563)	(2,793)	(2,826)
Financial income (expenses), net	29	197	30	(67)
Net loss	$ (1,304)	$ (1,366)	$ (2,763)	$ (2,893)

Six and Three Months Ended June 30, 2020 Compared to Six and Three Months Ended June 30, 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 six months ended June 30, 2020 amounted to $51,000 compared to $25,000 for the six months ended June 30, 2019.

Our revenues for the three months ended June 30, 2020 amounted to $21,000 compared to $5,000 for the three months ended June 30, 2019. The increase from both the six and three month corresponding period primarily resulted from increase in traffic, as measured by the MySizeID engine per the license agreements.

Research and Development Expenses

Our research and development expenses for the six months ended June 30, 2020 amounted to $688,000 compared to $671,000 for the six months ended June 30, 2019. The increase from the corresponding period primarily resulted from the hiring of new employees offset by expenses associated with share-based payments to our employees.

Our research and development expenses for the three months ended June 30, 2020 amounted to $340,000 compared to $379,000 for the three months ended June 30, 2019. The decrease from the corresponding period primarily resulted from decrease in expenses associated with share-based payments to our employees.

Sales and Marketing Expenses

Our sales and marketing expenses for the six months ended June 30, 2020 amounted to $1,077,000 compared to $861,000 for the six months ended June 30, 2019. The increase in comparison with the corresponding period was mainly due to an increase in payments to marketing consultants and hiring new sales consultants.

Our sales and marketing expenses for the three months ended June 30, 2020 amounted to $452,000 compared to $479,000 for the three months ended June 30, 2019. The decrease in comparison with the corresponding period was mainly due to a decrease in shared based payments and in travel expenses offset by an increase in payments to consultants and hiring new sales consultants and increase in marketing.

General and Administrative Expenses

Our general and administrative expenses for the six months ended June 30, 2020 amounted to $1,078,000 compared to $1,318,000 for the six months ended June 30, 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.

Our general and administrative expenses for the three months ended June 30, 2020 amounted to $562,000 compared to $710,000 for the three months ended June 30, 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 six months ended June 30, 2020, our operating loss was $2,793,000, a decrease of $33,000, or 1%, compared to our operating loss for the six months ended June 30, 2019 of $2,826,000.

As a result of the foregoing, for the three months ended June 30, 2020, our operating loss was $1,333,000, a decrease of $230,000, or 15%, compared to our operating loss for the three months ended June 30, 2019 of $1,563,000.

Financial Income (Expenses), Net

Our financial income, net for the six months ended June 30, 2020 amounted to $30,000 as opposed to financial expenses of $67,000 for the six months ended June 30, 2019. During the six months ended June 30, 2020, we had financial income mainly from hedging activities and revaluation of investment in marketable securities whereas in the corresponding period we had financial expenses of $67,000 primarily due to exchange rate differences and revaluation of warrants.

Our financial income, net for the three months ended June 30, 2020 amounted to $29,000 compared to financial income of $197,000 for the three months ended June 30, 2019. During the three months ended June 30, 2020, we had financial income mainly from hedging activities whereas in the corresponding period we had financial income primarily due to the revaluation of warrants and revaluation of investment in marketable securities.

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 six months ended June 30, 2020 was $2,763,000, compared to net loss of $2,893,000 for the six months ended June 30, 2019, the decrease in the net loss was mainly due to the reasons mentioned above.

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 June 30, 2020 was $1,304,000, compared to net loss of $1,366,000 for the three months ended June 30, 2019, the decrease in the net loss was mainly due to the reasons mentioned above.

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 June 30, 2020, we had cash, cash equivalents, restricted cash and restricted deposits of $4,824,000 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 and a public offering that resulted in net proceeds of $4,300,000 that was conducted in May 2020 offset by our operating activities.

On September 13, 2019, we entered into an At the Market Offering Agreement with H.C Wainwright, LLC or 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 $2,625,000 for the six months ended June 30, 2020, compared to $2,424,000 for the six months ended June 30, 2019. The increase in cash used in operating activities was mainly due to stock based compensation offset by revaluation of warrants and derivatives.

Net cash provided by investing activities was $200,000 for the six months ended June 30, 2020, compared to cash used in investing activities of $1,366,000 for the six months ended June 30, 2019. The change from the corresponding period was mainly due to increase in restricted deposits compared with proceeds from restricted deposits and from short term deposits in the corresponding period.

Net cash provided by financing activities was $6,011,000 for the six months ended June 30, 2020, compared to none for the six months ended June 30, 2019. The cash flow from financing activities for the six months ended June 30, 2020 resulted from the registered direct offering and concurrent private placement of our securities in January 2020 and the public offering of our securities in May 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. Based on the projected cash flows and cash balances as of June 30, 2020, management is of the opinion that our existing cash will be sufficient to fund operations until the end of second quarter 2021. 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 has 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 ("FASB") issued Accounting Standards Update ("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 June 30, 2020. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of June 30, 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.

In June 2020, we entered into a consulting agreement with a consultant pursuant to which we agreed upon the three-month anniversary of the agreement to issue a warrant to purchase up to 7,500 shares of our common stock. The warrants are exercisable at $1.30 per share and have a term of 18 months from the date of issuance. The securities above were offered and sold pursuant to an exemption from the registration requirements under Section 4(a)(2) of the Securities Act since, among other things, the transactions did not involve a public offering.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description of Exhibits
31.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C Section 1350, as adopted Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	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.
32.2*	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.
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: August 13, 2020	*By:* *<u>/s/ Ronen Luzon</u>* Ronen Luzon Chief Executive Officer (Principal Executive Officer)
Date: August 13, 2020	*By:* *<u>/s/ Or Kles</u>* Or Kles Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

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: August 13, 2020

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

Exhibit 31.2

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: August 13, 2020

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

Exhibit 32.1

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 June 30, 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: August 13, 2020

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

Exhibit 32.2

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 June 30, 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: August 13, 2020

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