

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 September 30, 2021

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 November 10, 2021, 23,982,503 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 SEPTEMBER 30, 2021

TABLE OF CONTENTS

	PAGE
<u>PART I - FINANCIAL INFORMATION</u>	1
Item 1. Condensed Consolidated Interim Financial Statements (Unaudited)	1
Condensed Consolidated Interim Balance Sheets	3
Condensed Consolidated Interim Statements of Comprehensive Loss	4
Condensed Consolidated Interim Statements of Changes in Stockholders' Equity	5
Condensed Consolidated Interim Statements of Cash Flows	6
Notes to Condensed Consolidated Interim Financial Statements	7-11
Item 2. Management's Discussion & Analysis of Financial Condition and Results of Operations	12-17
Item 3. Quantitative and Qualitative Disclosure About Market Risk	18
Item 4. Controls and Procedures	18
<u>PART II - OTHER INFORMATION</u>	19
Item 1. Legal Proceedings	19
Item 1A. Risk Factors	19
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	19
Item 3. Defaults Upon Senior Securities	19
Item 4. Mine Safety Disclosures	19
Item 5. Other information	19
Item 6. Exhibits	20

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

My Size Inc. and Subsidiaries

**Condensed Consolidated
Interim
Financial Statements
As of September 30, 2021
(unaudited)
U.S. Dollars in Thousands**

Condensed Consolidated Interim Financial Statements as of September 30, 2021 (Unaudited)

Contents

	<u>Page</u>
<u>Condensed Consolidated Interim Balance Sheets (Unaudited)</u>	3
<u>Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)</u>	4
<u>Condensed Consolidated Interim Statements of Changes in Stockholders' Equity (Unaudited)</u>	5
<u>Condensed Consolidated Interim Statements of Cash flows (Unaudited)</u>	6
<u>Notes to Condensed Consolidated Interim Financial Statements (Unaudited)</u>	7-11

Condensed Consolidated Interim Balance Sheets (Unaudited)

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

	September 30, 2021	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents	3,539	1,689
Restricted cash	270	85
Restricted deposit	-	184
Accounts receivable	37	28
Other receivables and prepaid expenses	121	482
Total current assets	3,967	2,468
Property and equipment, net	108	128
Right-of-use asset	792	911
Investment in marketable securities	105	59
Total non-current assets	1,005	1,098
Total assets	4,972	3,566
Liabilities and stockholders' equity		
Current liabilities:		
Operating lease liability	130	129
Trade payables	556	381
Accounts payable	705	400
Derivatives	-	1
Total current liabilities	1,391	911
Operating lease liability	493	579
Total non-current liabilities	493	579
Total liabilities	1,884	1,490
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Stock Capital -		
Common stock of \$0.001 par value - Authorized: 100,000,000 shares; Issued and outstanding: 15,069,587 and 7,232,836 as of September 30, 2021 and December 31, 2020, respectively		
	15	7
Additional paid-in capital	45,981	37,164
Accumulated other comprehensive loss	(432)	(424)
Accumulated deficit	(42,476)	(34,671)
Total stockholders' equity	3,088	2,076
Total liabilities and stockholders' equity	4,972	3,566

(*) Represents an amount less than \$1

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

Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)

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

	Nine-Months Ended September 30,		Three-Months Ended September 30,	
	2021	2020	2021	2020
Revenues	88	139	31	88
Cost of revenues	-	(2)	-	(1)
Gross profit	88	137	31	87
Operating expenses				
Research and development	(3,842)	(1,085)	(462)	(397)
Sales and marketing	(1,798)	(1,632)	(521)	(555)
General and administrative	(2,303)	(1,855)	(1,074)	(777)
Total operating expenses	(7,943)	(4,572)	(2,507)	(1,729)
Operating loss	(7,855)	(4,435)	(2,026)	(1,642)
Financial income (expenses), net	50	(2)	18	(32)
Net loss	(7,805)	(4,437)	(2,008)	(1,674)
Other comprehensive income (loss):				
Foreign currency translation differences	(8)	53	8	50
Total comprehensive loss	(7,813)	(4,384)	(2,000)	(1,624)
Basic and diluted loss per share	(0.62)	(0.89)	(0.13)	(0.23)
Basic and diluted weighted average number of shares outstanding	12,546,022	4,971,202	15,044,184	7,217,619

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)

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>Accumulated deficit</u>	<u>Total stockholders' equity</u>
	<u>Number</u>	<u>Amount</u>				
Balance as of January 1, 2021	7,232,836	7	37,164	(424)	(34,671)	2,076
Stock-based compensation related to options granted to employees and consultants	-	-	350	-	-	350
Exercise of options granted to employees	4,458	**	**	-	-	**
Restricted shares issued to shareholder (*)	2,500,000	3	2,615	-	-	2,618
Issuance of shares, net of issuance cost of \$768	4,580,491	4	5,031	-	-	5,035
Exercise of warrants	751,802	1	821	-	-	822
Total comprehensive loss	-	-	-	(8)	(7,805)	(7,813)
Balance as of September 30, 2021	<u>15,069,587</u>	<u>15</u>	<u>45,981</u>	<u>(432)</u>	<u>(42,476)</u>	<u>3,088</u>

(*) See note 1 c.

(**) Represents an amount less than \$1

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>Accumulated deficit</u>	<u>Total stockholders' equity</u>
	<u>Number</u>	<u>Amount</u>				
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	-	-	388	-	-	388
Issuance of shares, net of issuance cost of \$1,000	2,439,802	3	5,992	-	-	5,995
Exercise of warrants and pre funded warrants	2,707,134	2	97	-	-	99
Liability reclassified to equity	-	-	328	-	-	328
Total comprehensive loss	-	-	-	53	(4,437)	(4,384)
Balance as of September 30, 2020	<u>7,232,836</u>	<u>7</u>	<u>36,907</u>	<u>(486)</u>	<u>(32,951)</u>	<u>3,477</u>

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>Accumulated deficit</u>	<u>Total stockholders' equity</u>
	<u>Number</u>	<u>Amount</u>				
Balance as of July 1, 2021	15,038,327	15	45,838	(440)	(40,468)	4,945
Stock-based compensation related to options granted to employees and consultants	-	-	118	-	-	118
Exercise of options granted to employees	4,458	**	**	-	-	**
Exercise of warrants	26,802	**	25	-	-	25
Total comprehensive loss	-	-	-	8	(2,008)	(2,000)
Balance as of September 30, 2021	<u>15,069,587</u>	<u>15</u>	<u>45,981</u>	<u>(432)</u>	<u>(42,476)</u>	<u>3,088</u>

(**) Represents an amount less than \$1

	<u>Common stock</u>		<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>Accumulated deficit</u>	<u>Total stockholders' equity</u>
	<u>Number</u>	<u>Amount</u>				
Balance as of July 1, 2020	7,157,836	7	36,599	(536)	(31,277)	4,793
Stock-based compensation related to options granted to employees and consultants	-	-	225	-	-	225
Exercise of warrants	75,000	**	83	-	-	83
Total comprehensive loss	-	-	-	50	(1,674)	(1,624)
Balance as of September 30, 2020	<u>7,232,836</u>	<u>7</u>	<u>36,907</u>	<u>(486)</u>	<u>(32,951)</u>	<u>3,477</u>

(**) Represents an amount less than \$1

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

U.S. dollars in thousands

	Nine-Months Ended September 30,	
	2021	2020
Cash flows from operating activities:		
Net loss	(7,805)	(4,437)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	31	28
Amortization of operating lease right-of-use asset	32	31
Revaluation of warrants and derivatives	(1)	2
Revaluation of investment in marketable securities	(46)	(18)
Expense arising from restricted shares issued to compensate waiver by a shareholder	2,618	-
Stock based compensation	350	388
(Increase) decrease in accounts receivables	(9)	5
Decrease in other receivables and prepaid expenses	359	218
Increase (decrease) in trade payable	176	(10)
Increase in accounts payable	311	2
Net cash used in operating activities	<u>(3,984)</u>	<u>(3,791)</u>
Cash flows from investing activities:		
Change in restricted deposits	184	(170)
Investment in right-of-use asset	-	(25)
Purchase of property and equipment	(12)	(14)
Net cash provided by (used in) investing activities	<u>172</u>	<u>(209)</u>
Cash flows from financing activities:		
Proceeds from issuance of shares, net of issuance costs	5,035	6,094
Proceeds from Exercise of warrants	822	-
Net cash provided by financing activities	<u>5,857</u>	<u>6,094</u>
Effect of exchange rate fluctuations on cash and cash equivalents	(10)	44
Increase in cash, cash equivalents and restricted cash	2,035	2,138
Cash, cash equivalents and restricted cash at the beginning of the period	<u>1,774</u>	<u>1,466</u>
Cash, cash equivalents and restricted cash at the end of the period	<u><u>3,809</u></u>	<u><u>3,604</u></u>
Non cash activities:		
Restricted shares issued to shareholder	<u>2,618</u>	<u>-</u>

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)

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

- b. During the nine month period ended September 30, 2021, the Company has incurred significant losses and negative cash flows from operations and has an accumulated deficit of \$42,476. The Company has financed its operations mainly through fundraising from various investors.

Taking into account the proceeds from warrant exercises and the Company’s financing in October 2021 described in note 7b below, management’s believes that cash on hand will be sufficient to meet its obligations for a period which is longer than 12 months.

- c. Further to note 1b of the Company’s Annual Report on Form 10-K for the year ended December 31, 2020:

On May 26, 2021, the Company, My Size Israel and Shoshana Zigdon entered into an Amendment to Purchase Agreement (the “Amendment”) which made certain amendments to a Purchase Agreement between the parties dated February 16, 2014 (the “Purchase Agreement”). Pursuant to the Amendment, Ms. Zigdon agreed to irrevocably waive the right to repurchase certain assets related to the collection of data for measurement purposes that My Size Israel acquired from Ms. Zigdon under the Purchase Agreement and upon which the Company’s business is substantially dependent, and all past, present and future rights in any of the intellectual property rights sold, transferred and assigned to My Size Israel under the Purchase Agreement and any modifications, amendments or improvements made thereto, including, without limitation, any compensation, reward or any rights to royalties or to receive any payment or other consideration whatsoever in connection with such intellectual property rights (the “Waiver”). In consideration of the Waiver, the Company issued 2,500,000 shares of common stock to Ms. Zigdon in a private placement.

The Company measured the fair value of the shares based on the quoted market price of common stock adjusted to reflect the effect of the sales restrictions.

During the nine and three month period ended September 30, 2021, an amount of \$2,618 and \$0 was recorded in research and development expense respectively.

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 nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for any future period or for the year ending December 31, 2021.

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, 2020.

- 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)

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 shares, 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.

	September 30, 2021		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets			
Investment in marketable securities (*)	-	105	-

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.)

	December 31, 2020		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets			
Investment in marketable securities (*)	-	59	-

(*) For the nine and three month periods ended September 30, 2021 and 2020, the recognized gain (loss) (based on quoted market prices with a discount due to security restrictions on iMine shares) of the marketable securities was \$46 and \$24, and \$18 and \$3, respectively.

	December 31, 2020		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial liabilities			
Derivatives	-	1	-

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:

	Nine months ended September 30,		Three months ended September 30,	
	2021	2020	2021	2020
	Stock-based compensation expense - Research and development	103	126	33
Stock-based compensation expense - Sales and marketing	164	87	71	41
Stock-based compensation expense - General and administrative	83	175	14	109
	<u>350</u>	<u>388</u>	<u>118</u>	<u>225</u>

Warrants issued to consultants:

- a. In May 2021, the Company entered into a consulting agreement with a consultant pursuant to which the Company agreed upon the three-month anniversary of the agreement to issue to the consultant a (i) a warrant to purchase up to 50,000 shares of the Company's common stock exercisable at \$1.50 per share and expiring on December 31, 2022, and (ii) a warrant to purchase up to 50,000 shares of the Company's common stock exercisable at \$2.00 per share and expiring on December 31, 2022.

During the nine and three month period ended September 30, 2021, an amount of \$63, and \$25, respectively, was recorded by the Company as stock option compensation expense with respect to the consultant.

- b. In June 2021, the Company entered into a consulting agreement with a consultant pursuant to which the Company agreed to issue to the consultant a warrant to purchase up to 50,000 shares of the Company's common stock exercisable at \$1.50 per share and expiring on December 31, 2022.

During the nine and three month period ended September 30, 2021, an amount of \$34 and \$25 was recorded by the Company as stock option compensation expense with respect to the consultant.

- c. During the nine month period ended September 30, 2021, the Company issued 150,000 warrants to consultants, no such warrants were exercised and warrants to purchase 3,667 shares expired.

The total stock option compensation expense during the nine and three month period ended September 30, 2021 and 2020 which was recorded under sales and marketing was \$116, \$56, \$8 and \$3 respectively and under general and administrative was \$0, \$0, \$17 and \$5, respectively.

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

Note 4 - Stock Based Compensation (Cont.)**Stock Option Plan for Employees:**

In March 2017, the Company adopted the My Size, Inc. 2017 Equity Incentive Plan (the "2017 Employee 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, was initially limited to 200,000 shares of common stock. Stock options can be granted with an exercise price equal to or less than the stock's fair market value at the grant date. As further described below, 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.

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 the 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 the nine and three month period ended September 30, 2021 were \$2 and \$1, respectively and the expenses during both the nine and three months ended September 30, 2020 were \$47 and \$4, respectively.

On August 10, 2020, the Company's shareholders approved an increase in the shares available for issuance under the 2017 Employee 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 number of shares available for issuance under the Company's 2017 Consultant Incentive Plan was reduced from 466,667 to 216,667 shares.

During the nine and three month period ended September 30, 2021, the Company granted an aggregate of 97,500 of stock options under the 2017 Employee Plan, 4,458 options were exercised and options to purchase 40,777 and 19,167 shares of common stock, respectively, expired.

The total stock option compensation expense during the nine and three month period ended September 30, 2021 and 2020 which was recorded was \$234 and \$62, and \$312 and \$209, respectively.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

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. Discovery has been completed and both parties have filed motions for summary judgment in connection with the claims and counterclaims.

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

- b. On July 5, 2021, the Company was served with a legal complaint filed by Fidelity Venture Capital Ltd. and Dror Atzmon in the Magistrate’s Court in Tel Aviv for a monetary award in an amount of NIS 1,436,679 (approximately \$450,000) and a declaratory relief. The plaintiffs allege that the Company breached its contractual obligations to pay them for services allegedly rendered to the Company by the plaintiffs under a certain consulting agreement dated July 2, 2014, in an amount of NIS 819,000 (approximately \$256,000). Additionally, the plaintiffs allege that the Company should compensate them for losses allegedly incurred by them following their investment in the Company’s shares issued under a certain private offering. In the alternative, the plaintiffs move that the court will declare the investment agreement void with full restitution of plaintiffs’ original investment in an amount of NIS 1,329,650 (approximately \$415,000). The Company filed its statement of defense on October 25, 2021. The first preliminary court hearing of the case is scheduled for January 23, 2022.

At this preliminary stage, before any fact finding and pre-trial procedures (including disclosure of documents) have been conducted the Company cannot evaluate the chances of the claim to succeed.

- c. In May 2021, the Company received notice from Custodian Ventures, LLC (“Custodian”) of its intention to nominate four candidates to stand for election to our board of directors at the Company’s 2021 annual meeting of stockholders. Custodian subsequently made a book and records request and has made public statements calling for changes to our management.

On September 22, 2021, Custodian commenced an action in the Court of Chancery of the State of Delaware captioned, Custodian Ventures, LLC v. MySize, Inc. (the “Delaware Action”). In the Delaware Action, Custodian sought an order from the Court of Chancery pursuant to Section 211 of the General Corporation Law of the State of Delaware compelling us to hold an annual meeting. On November 4, 2021, the Company entered into a settlement agreement (the “Settlement Agreement”) with Custodian and certain affiliates and director nominees (collectively, the “Lazar Parties”) settling and dismissing the Delaware Action (see note 7c).

On October 19, 2021, the Company commenced an action in the United States District Court for the Southern District of New York against Custodian, Activist Investing LLC, Milton C. Ault III, Ault Alpha LP, Ault Alpha GP LLC, Ault Capital Management LLC, Ault & Company Inc., David Aboudi, Patrick Loney and David Nathan, , pursuant to Sections 13(d) and 14(a) of the Securities Exchange Act of 1934, and certain rules promulgated thereunder (the “SDNY Action”). The complaint sought, among other things, declaratory and injunctive relief related to defendants’ efforts to nominate a slate of directors for election at our next annual meeting. The complaint alleged that the defendants formed an undisclosed “group” for purposes of Section 13(d) and has misrepresented its true purpose in purchasing My Size, Inc. stock in filings made with the SEC. In addition, the complaint alleged that the defendants engaged in an unlawful solicitation of investors in violation of the Exchange Act proxy rules in connection with their efforts to elect a slate of directors to the Company’s board of directors. On October 20, 2021, the Court signed an order granting a hearing on an anticipated motion for a preliminary injunction and expedited scheduling and discovery in aid thereof, and scheduled that hearing for December 2, 2021. On November 4, 2021, the Company entered into the Settlement Agreement with the Lazar Parties settling and dismissing the claims asserted in the SDNY Action and the Delaware Action against one another (see note 7c). On November 8, 2021, the remaining defendants in the SDNY Action filed an answer and counterclaim asserting a claim against the Company pursuant to New York Civil Rights Law Section 70-a, also known as New York’s anti-SLAPP statute.

Note 6 - Significant Events During the Reporting Period

- a. On January 8, 2021, the Company conducted a public offering of its securities pursuant to which it issued 1,569,179 shares of its common stock for gross proceeds of \$2,008. The net proceeds to the Company from the offering were approximately \$1,700, after deducting placement agent’s fees and other estimated offering expenses payable by the Company.
- b. In January and February 2021, a holder of warrants exercised warrants to purchase 725,000 ordinary shares of the Company in exchange for \$797.
- c. On March 25, 2021, the Company conducted a public offering of its shares of common stock pursuant to which it issued 2,618,532 shares of its common stock for gross proceeds of \$3,300. The net proceeds to the Company from the offering were approximately \$2,872, after deducting placement agent’s fees and other estimated offering expenses payable by the Company.
- d. On May 7, 2021, the Company issued an additional 392,780 shares of the Company’s common stock in connection with the full exercise of the underwriter’s overallotment option granted in the Company’s March 2021 public offering. These additional shares were sold to the underwriter at a public offering price of \$1.26 per share, resulting in additional net proceeds to the Company, net of the underwriting discount, of approximately \$463.

- e. On May 26, 2021, the Company issued 2,500,000 shares of common stock to Ms. Zigdon in consideration of the Waiver. See note 1(c) above.
- f. 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, spread globally. Many countries around the world, including in Israel, have from time to time 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, the COVID-19 pandemic has had a particularly adverse impact on the retail industry and this has resulted in an adverse impact on the Company's marketing and sales activities. 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, its ability to meet with potential customers is limited and in certain instances sales processes have been delayed or cancelled. The extent to which COVID-19 continues to impact 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 COVID-19 or treat its impact.

Note 7 - Events Subsequent to the balance sheet date

- a. On October 26, 2021, holders of warrants exercised an aggregate of 2,625,908 shares of common stock in consideration for \$2,889.
- b. On October 28, 2021, the Company sold in a registered direct offering 2,514,800 shares of its common stock and, in a concurrent private placement, an aggregate of 1,886,100 unregistered warrants to purchase shares of common stock, at an offering price of \$1.352 per share and associated warrant. In addition, on the same day, the Company sold in a private placement 3,772,208 unregistered shares of common stock and unregistered warrants to purchase up to an aggregate of 2,829,156 shares of common stock at the same purchase price as in the registered direct offering. The warrants are immediately exercisable and will expire five years from issuance at an exercise price of \$1.26 per share, subject to adjustment as set forth therein. The gross proceeds from the offerings were \$8,500. The net proceeds to the Company from the offerings were approximately \$7,560, after deducting placement agent's fees and other estimated offering expenses payable by the Company. In connection with the offerings, the Company issued to the placement agent warrants to purchase 440,091 shares on substantially the same terms as the purchasers in the offerings at an exercise price of \$1.69 per share and a term expiring on October 26, 2026.
- c. On November 4, 2021, the Company entered into the Settlement Agreement with the Lazar Parties. Pursuant to the Settlement Agreement, the Company and the Lazar Parties agreed to compromise and settle the Delaware Action and SDNY Action. In addition, pursuant to the Settlement Agreement, the Company agreed to reimburse Custodian for out of pocket expenses and in consideration for the dismissal and release of claims against the Company an aggregate amount equal to \$275, to be paid within three business days of the effective date of the Settlement Agreement. With respect to the Company's 2021 annual meeting of stockholders, Custodian agreed to, among other things, withdraw or rescind (i) its May 12, 2021 notice of stockholder nominations of four director candidates with respect to the Company's 2021 annual meeting of stockholders, (ii) the notice dated October 28, 2021 submitted by Custodian to the Company notifying the Company of Custodian's continued intent to bring its nomination of four director candidates before the Company's stockholders at the 2021 annual meeting, and (iii) any and all related materials and notices submitted to the Company in connection therewith or related thereto and to not take any further action in connection with the solicitation of any proxies in connection with the Company. Custodian also agreed to cease any and all solicitation and other activities in connection with the 2021 annual meeting. In addition, Custodian agreed to certain customary standstill provisions for a period of five years beginning on the effective date of the Agreement (the "Standstill Period"). The Settlement Agreement also provides that during the Standstill Period, the Lazar Parties will vote all shares of common stock of the Company it beneficially owns in accordance with any proposal or recommendation made by the Company or the Board of Directors of the Company that is submitted to the stockholders of the Company, unless to do so would violate applicable law and except with respect to certain extraordinary transactions. The Settlement Agreement also contains non-disparagement and confidentiality provisions, subject to certain exceptions.

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, 2020, filed with the Securities and Exchange Commission on March 29, 2021, or the Annual Report, including the consolidated annual financial statements as of December 31, 2020 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 COVID-19 pandemic;*
- *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; and*
- *the impact of the political and security situation in Israel on our business.*

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, Topspin Medical (Israel) Ltd and My Size LLC. 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.

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. Because of the numerous risks and uncertainties associated with 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.

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 spread globally. Many countries around the world, including in Israel, have from time to time 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, the COVID-19 pandemic has had a particularly adverse impact on the retail industry and this has resulted in an adverse impact on our marketing and sales activities. For example, we have three ongoing pilots with international retailers that have been halted, we are unable to participate physically in industry conferences, our ability to meet with potential customers is limited, and in certain instances sales processes have been delayed or cancelled. The extent to which COVID-19 continues to impact 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 COVID-19 or treat its impact.

Results of Operations

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

	Three months ended September 30		Nine months ended September 30	
	2021	2020	2021	2020
	(dollars in thousands)		(dollars in thousands)	
Revenues	\$ 31	\$ 88	\$ 88	\$ 139
Cost of revenues	-	(1)	-	(2)
Gross profit	31	87	88	137
Research and development expenses	(462)	(397)	(3,842)	(1,085)
Sales and marketing	(521)	(555)	(1,798)	(1,632)
General and administrative	(1,074)	(777)	(2,303)	(1,855)
Operating loss	(2,026)	(1,642)	(7,855)	(4,435)
Financial income (expenses), net	18	(32)	50	(2)
Net loss	<u>\$ (2,008)</u>	<u>\$ (1,674)</u>	<u>\$ (7,805)</u>	<u>\$ (4,437)</u>

Nine and Three Months Ended September 30, 2021 Compared to Nine and Three Months Ended September 30, 2020

Revenues

We started to generate revenue in 2019 and we expect to incur additional losses to increase our sales and marketing efforts and to perform further research and development activities. Our revenues for the nine months ended September 30, 2021 amounted to \$88,000 compared to \$139,000 for the nine months ended September 30, 2020.

Our revenues for the three months ended September 30, 2021 amounted to \$31,000 compared to \$88,000 for the three months ended September 30, 2020. The decrease in both nine and three months corresponding period primarily resulted from fees from customer projects in the corresponding period compared to none during the nine and three month ended September 30, 2021, offset by increase in traffic, as measured by the MySizeID engine per its license agreements.

Research and Development Expenses

Our research and development expenses for the nine months ended September 30, 2021 amounted to \$3,842,000 compared to \$1,085,000 for the nine months ended September 30, 2020. The increase from the corresponding period primarily resulted from share based payment in amount of \$2,618,000 attributed to the share issuance to Shoshana Zigdon under that certain Amendment to Purchase Agreement dated May 26, 2021.

Our research and development expenses for the three months ended September 30, 2021 amounted to \$462,000 compared to \$397,000 for the three months ended September 30, 2020. The increase from the corresponding period primarily resulted from the hiring of new employees and increase in expenses to subcontractors.

Sales and Marketing Expenses

Our sales and marketing expenses for the nine months ended September 30, 2021 amounted to \$1,798,000 compared to \$1,632,000 for the nine months ended September 30, 2020. The increase in comparison with the corresponding period was mainly due to an increase in payments to consultants, share-based payments and hiring new sales consultants offset by decrease in travel and marketing expenses.

Our sales and marketing expenses for the three months ended September 30, 2021 amounted to \$521,000 compared to \$555,000 for the three months ended September 30, 2020. The decrease in comparison with the corresponding period was mainly due to a decrease in marketing expenses offset by an increase in share-based payments.

General and Administrative Expenses

Our general and administrative expenses for the nine months ended September 30, 2021 amounted to \$2,303,000 compared to \$1,855,000 for the nine months ended September 30, 2020. The increase in comparison with the corresponding period was mainly due to an increase in professional services, insurance expenses and settlement expenses with the Lazar Parties (as defined below) offset by a decrease in shared-based payments.

Our general and administrative expenses for the three months ended September 30, 2021 amounted to \$799,000 compared to \$1,074,000 for the three months ended September 30, 2020. The increase in comparison with the corresponding period was mainly due to an increase in professional expenses, mainly attributed to the proxy fight including settlement expenses with the Lazar Parties offset by a decrease in shared-based payments.

Operating Loss

As a result of the foregoing, for the nine month ended September 30, 2021, our operating loss was \$7,855,000, an increase of \$3,420,000, or 77%, compared to our operating loss for the nine month ended September 30, 2020 of \$4,435,000. The increase from the corresponding period primarily resulted from share based payment in amount of \$2,618,000 attributed to the share issuance to Shoshana Zigdon under that certain Amendment to Purchase Agreement dated May 26, 2021.

As a result of the foregoing, for the three month ended September 30, 2021, our operating loss was \$2,026,000, compared to our operating loss for the three month ended September 30, 2020 of \$1,642,000.

Financial Income, Net

Our financial income, net for the nine months ended September 30, 2021 amounted to \$50,000 as opposed to financial expenses of \$2,000 for the nine months ended September 30, 2020. During the nine months ended September 30, 2021, financial income derived mainly from revaluation of investment in marketable securities whereas in the corresponding period, we had financial expenses mainly derived from exchange rate differences offset by financial income mainly from revaluation of investment in marketable securities.

Our financial income, net for the three months ended September 30, 2021 amounted to \$18,000 compared to financial expense of \$32,000 for the three months ended September 30, 2020. During the three months ended September 30, 2021, financial income mainly derived from revaluation of investment in marketable securities whereas in the corresponding period we had financial expenses mainly from revaluation of derivatives and from exchange rate expenses.

Net Loss

As a result of the foregoing research and development, sales and marketing, general and administrative expenses initial revenues, and financial income, our net loss for the nine months ended September 30, 2021 was \$7,805,000 compared to net loss of \$4,437,000 for the nine months ended September 30, 2020, the increase 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 September 30, 2021 was \$2,008,000, compared to net loss of \$1,674,000 for the three months ended September 30, 2020, the increase 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 September 30, 2021, we had cash, cash equivalents, restricted cash of \$3,809,000 compared to \$1,774,000 of cash, cash equivalents and restricted cash as of December 31, 2020. This increase primarily resulted from the public offerings that we completed in January and March 2021, including the overallotment that closed in May 2021, and proceeds from warrants that were exercised, as further described below.

On October 28, 2021, we sold in a registered direct offering 2,514,800 shares of our common stock and, in a concurrent private placement, an aggregate of 1,886,100 unregistered warrants to purchase shares of common stock, at an offering price of \$1.352 per share and associated warrant. In addition, on the same day, we sold in a private placement of our securities 3,772,208 unregistered shares of common stock and unregistered warrants to purchase up to an aggregate of 2,829,156 shares of common stock at the same purchase price as in the registered direct offering. The warrants are immediately exercisable and will expire five years from issuance at an exercise price of \$1.26 per share, subject to adjustment as set forth therein. The gross proceeds from the offerings were \$8,500,000. The

net proceeds to us from the offering were approximately \$7,560,000 after deducting placement agent's fees and other estimated offering expenses payable by the Company.

On October 26, 2021, holders of warrants exercised an aggregate of 2,625,908 shares of common stock in consideration for \$2,889,000.

On March 25, 2021, we completed an underwritten public offering of our common stock pursuant to which we issued 2,618,532 shares of our common stock at a public offering price of \$1.26 per share for gross proceeds of approximately \$3,300,000. We received net proceeds of approximately \$2,872,000, after deducting the underwriting discounts and commissions and estimated offering expenses. On May 7, 2021, we issued an additional 392,780 shares of our common stock in connection with the full exercise of the underwriter's overallotment option granted in the March 2021 public offering. These additional shares were sold to the underwriter at a public offering price of \$1.26 per share, resulting in additional net proceeds, after deducting the underwriting discount, of \$463,260.

Prior to that, on January 8, 2021, we completed an underwritten public offering of our common stock pursuant to which we issued 1,569,179 shares of our common stock at a public offering price of \$1.28 per share for gross proceeds of approximately \$2,008,000. We received net proceeds of approximately \$1,700,000, after deducting the underwriting discounts and commissions and estimated offering expenses. Furthermore, in January and February 2021, a holder of warrants exercised warrants to purchase 725,000 of our ordinary shares in exchange for \$797,000.

Cash used in operating activities amounted to \$3,984,000 for the nine months ended September 30, 2021, compared to \$3,791,000 for the nine months ended September 30, 2020.

Net cash provided by investing activities was \$172,000 for the nine months ended September 30, 2021, compared to \$209,000 (used in) investing activities for the nine months ended September 30, 2020.

Net cash provided by financing activities was \$5,857,000 for the nine months ended September 30, 2021, compared to \$6,094,000 for the nine months ended September 30, 2020. The cash flow from financing activities for the nine months ended September 30, 2021 resulted from the public offerings that occurred in January 2021 and March 2021, including the full exercise of the underwriter's overallotment option that occurred in May 2021 and from proceeds that were received from an investor for warrants that were exercised.

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, the proceeds from the October 2021 offerings and warrant exercises, and cash balances as of September 30, 2021, management believes that the cash on hand will be sufficient to meet its obligations for a period which is longer than 12 months. 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 COVID-19 pandemic, economic conditions shareholder activism 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.

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 Company implemented ASC 606, Revenue from Contract with Customers.

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.

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 September 30, 2021. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of September 30, 2021 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. Discovery has been completed and both parties have filed motions for summary judgment in connection with the claims and counterclaims.

On July 5, 2021, we were served with a legal complaint filed by Fidelity Venture Capital Ltd. and Dror Atzmon in the Magistrate’s Court in Tel Aviv for a monetary award in an amount of NIS 1,436,679 and declaratory relief. The plaintiffs allege that we breached our contractual obligations to pay them for services allegedly rendered to us by the plaintiffs under a certain consulting agreement in an amount of NIS 819,000. Additionally, the plaintiffs allege that we should compensate them for losses allegedly incurred by them following their investment in our shares issued under a certain private offering. In the alternative, the plaintiffs move that the court will declare the investment agreement void with full restitution of plaintiffs’ original investment in an amount of NIS 1,329,650. We filed our statement of defense on October 25, 2021. The first preliminary court hearing of the case is scheduled for January 23 2022. At this preliminary stage, before any fact finding and pre-trial procedures (including disclosure of documents) have been conducted, we cannot evaluate the chances of the claim to succeed.

On September 22, 2021, Custodian Ventures, LLC, or Custodian, commenced an action in the Court of Chancery of the State of Delaware captioned, *Custodian Ventures, LLC v. Mysize, Inc., C.A. No. 2021-0817-LWW*, or the Delaware Action. In the Delaware Action, Custodian sought an order from the Court of Chancery pursuant to Section 211 of the General Corporation Law of the State of Delaware compelling us to hold an annual meeting. On November 4, 2021, we entered into a settlement agreement, or the Settlement Agreement, with Custodian, Activist Investing LLC, David Aboudi, Partick Loney and David Natan, collectively, the Lazar Parties, settling and dismissing the Delaware Action.

On October 19, 2021, we commenced an action in the United States District Court for the Southern District of New York captioned *My Size, Inc. v. David Lazar, Custodian Ventures LLC, Activist Investing LLC, Milton C. Ault III, Ault Alpha LP, Ault Alpha GP LLC, Ault Capital Management LLC, Ault & Company Inc., David Aboudi, Patrick Loney and David Nathan*, Civil Action No. 1:21-cv-08585, pursuant to Sections 13(d) and 14(a) of the Securities Exchange Act of 1934, and certain rules promulgated thereunder, or the SDNY Action. The complaint sought, among other things, declaratory and injunctive relief related to defendants’ efforts to nominate a slate of directors for election at our next annual meeting of. The complaint alleged that the defendants formed an undisclosed “group” for purposes of Section 13(d) and has misrepresented its true purpose in purchasing My Size, Inc. stock in filings made with the SEC. In addition, the complaint alleged that the defendants engaged in an unlawful solicitation of investors in violation of the Exchange Act proxy rules in connection with their efforts to elect a slate of directors to our board of directors. On October 20, 2021, the Court signed an order granting a hearing on an anticipated motion for a preliminary injunction and expedited scheduling and discovery in aid thereof, and scheduled that hearing for December 2, 2021. On November 4, 2021, we entered into the Settlement Agreement with the Lazar Parties settling and dismissing the claims asserted in the SDNY Action and the Delaware Action against one another. On November 8, 2021, the remaining defendants in the SDNY Action filed an answer and counterclaim asserting a claim against us pursuant to New York Civil Rights Law Section 70-a, also known as New York’s anti-SLAPP statute.

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.

Exhibit Number	Description of Exhibits
31.1*	<u>Certification of Principal Executive Officer pursuant to 18 U.S.C Section 1350, as adopted Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2*	<u>Certification of Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1*	<u>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.</u>
32.2*	<u>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.</u>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Schema
101.CAL*	Inline XBRL Taxonomy Calculation Linkbase
101.DEF*	Inline XBRL Taxonomy Definition Linkbase
101.LAB*	Inline XBRL Taxonomy Label Linkbase
101.PRE*	Inline XBRL Taxonomy Presentation Linkbase
104*	Cover Page Interactive Data File (formatted as Inline XBRL document and contained in Exhibit 101)

* 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: November 15, 2021

By: /s/ Ronen Luzon

Ronen Luzon
Chief Executive Officer
(Principal Executive Officer)

Date: November 15, 2021

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: November 15, 2021

By: /s/ Ronen Luzon
Ronen Luzon
Chief Executive Officer
(Principal Executive 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, 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: November 15, 2021

By: /s/ Or Kles

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

**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 September 30, 2021 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: November 15, 2021

By: /s/ Ronen Luzon

Ronen Luzon
Chief Executive Officer
(Principal Executive Officer)

**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 September 30, 2021 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: November 15, 2021

By: /s/ Or Kles

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