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

FORM 10-Q

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

For the quarterly period ended March 31, 2022

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

For the transition period from _____ to _____

Commission File No. 001-37370

MY SIZE, INC.

(Exact name of registrant as specified in its charter)

Delaware

51-0394637

(State or other jurisdiction of
incorporation or organization)

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

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

+972-3-600-9030

Registrant's telephone number, including area code:

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

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

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

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

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

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: as of May 1, 2022, 25,377,528 shares of common stock, par value \$0.001 per share were issued and outstanding.

MY SIZE, INC.
INDEX TO QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED MARCH 31, 2022

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

My Size Inc. and Subsidiaries

**Condensed Consolidated
Interim
Financial Statements
As of March 31, 2022
(unaudited)
U.S. Dollars in Thousands**

Condensed Consolidated Interim Financial Statements as of March 31, 2022 (Unaudited)

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Condensed Consolidated Interim Balance Sheets (Unaudited)

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

	March 31, 2022 <u>(Unaudited)</u>	December 31, 2021 <u>(Audited)</u>
Assets		
Current Assets:		
Cash and cash equivalents	7,841	10,670
Restricted cash	271	273
Inventory	1,096	-
Accounts receivable	125	40
Other receivables and prepaid expenses	1,207	579
Total current assets	<u>10,540</u>	<u>11,562</u>
Property and equipment, net	149	112
Right-of-use asset	840	776
Long term deposit	31	-
Intangible asset	357	-
Goodwill	267	-
Investment in marketable securities	94	108
Total non-current assets	<u>1,738</u>	<u>996</u>
Total assets	<u><u>12,278</u></u>	<u><u>12,558</u></u>
Liabilities and stockholders' equity		
Current liabilities:		
Operating lease liability	183	138
Bank overdraft and borrowings	228	-
Trade payables	1,116	635
Accounts payable	719	453
Derivatives	3	2
Total current liabilities	<u>2,249</u>	<u>1,228</u>
Long term loans	142	-
Deferred tax liabilities	82	-
Operating lease liability	507	473
Total non-current liabilities	<u>731</u>	<u>473</u>
Total liabilities	<u>2,980</u>	<u>1,701</u>
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Stock Capital -		
Common stock of \$0.001 par value - Authorized: 200,000,000 shares; Issued and outstanding: 25,377,528 and 23,982,503 as of March 31, 2022 and December 31, 2021, respectively		
	25	24
Additional paid-in capital	57,000	56,430
Accumulated other comprehensive loss	(348)	(406)
Accumulated deficit	(47,379)	(45,191)
Total stockholders' equity	<u>9,298</u>	<u>10,857</u>
Total liabilities and stockholders' equity	<u><u>12,278</u></u>	<u><u>12,558</u></u>

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

MY SIZE, INC. AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statements of Comprehensive Loss (Unaudited)

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

	Three-Months Ended	
	March 31,	
	2022	2021
	(Unaudited)	(Unaudited)
Revenues	404	27
Cost of revenues	(251)	-
Gross profit	153	27
Operating expenses		
Research and development	(412)	(373)
Sales and marketing	(959)	(546)
General and administrative	(887)	(624)
Total operating expenses	(2,258)	(1,543)
Operating loss	(2,105)	(1,516)
Financial income (expenses), net	(83)	59
Net loss	(2,188)	(1,457)
Other comprehensive income (loss):		
Foreign currency translation differences	58	(38)
Total comprehensive loss	(2,130)	(1,495)
Basic and diluted loss per share	(0.09)	(0.16)
Basic and diluted weighted average number of shares outstanding	24,788,517	9,166,601

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, 2022	23,982,503	24	56,430	(406)	(45,191)	10,857
Stock-based compensation related to options granted to employees and consultants	-	-	114	-	-	114
Issuance of shares in Business Combination (*)	1,395,025	1	456	-	-	457
Total comprehensive loss	-	-	-	58	(2,188)	(2,130)
Balance as of March 31, 2022	<u>25,377,528</u>	<u>25</u>	<u>57,000</u>	<u>(348)</u>	<u>(47,379)</u>	<u>9,298</u>

(*) See note 6 a.

	<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	-	-	143	-	-	143
Issuance of shares, net of issuance cost of \$736	4,187,711	4	4,568	-	-	4,572
Exercise of warrants	725,000	1	796	-	-	797
Total comprehensive loss	-	-	-	(38)	(1,457)	(1,495)
Balance as of March 31, 2021	<u>12,145,547</u>	<u>12</u>	<u>42,671</u>	<u>(462)</u>	<u>(36,128)</u>	<u>6,093</u>

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

Condensed Consolidated Interim Statements of Cash Flows (Unaudited)

U.S. dollars in thousands

	Three-Months Ended	
	March 31,	
	2022	2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net loss	(2,188)	(1,457)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	36	10
Amortization of operating lease right-of-use asset	11	11
Revaluation of warrants and derivatives	1	6
Revaluation of investment in marketable securities	14	(49)
Stock based compensation	114	143
Decrease in accounts receivables	5	1
Decrease (Increase) in other receivables and prepaid expenses	(391)	149
(Increase) in inventory	(223)	-
(Decrease) in trade payable	(178)	(76)
Intangible asset	21	-
Interest for the bank	41	-
Conditional commitment	72	-
Deferred tax liabilities	(5)	-
Increase in accounts payable	91	(9)
Net cash used in operating activities	(2,579)	(1,271)
Cash flows from investing activities:		
Acquisition of a subsidiary, net of cash acquired	(300)	-
Purchase of property and equipment	(21)	(3)
Net cash provided by (used in) investing activities	(321)	(3)
Cash flows from financing activities:		
Proceeds from issuance of shares, net of issuance costs	-	4,572
Loans received	18	-
Repayment of long term loans	(11)	-
Proceeds from Exercise of warrants	-	797
Net cash provided by financing activities	7	5,369
Effect of exchange rate fluctuations on cash and cash equivalents	62	(31)
Increase (Decrease) in cash, cash equivalents and restricted cash	(2,831)	4,064
Cash, cash equivalents and restricted cash at the beginning of the period	10,943	1,774
Cash, cash equivalents and restricted cash at the end of the period	8,112	5,838
Non cash activities:		
shares issued in Acquisition of a subsidiary	457	-

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.

Following the acquisition of Orgad International Marketing Ltd. (“Orgad”) in February 2022 (see note 6), we also operate an omnichannel e-commerce platform.

The Company has four subsidiaries, My Size Israel 2014 Ltd (“My Size Israel”), Topspin Medical (Israel) Ltd., and Orgad all 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 three-month period ended March 31, 2022, the Company has incurred significant losses and negative cash flows from operations and has an accumulated deficit of \$47,379. 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 March 31, 2022, management is of the opinion that its existing cash will be sufficient to fund operations for a period less than 12 month. 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.

- 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, 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 2 - Significant Accounting Policies

- a. Unaudited condensed consolidated financial statements:

The accompanying unaudited condensed consolidated interim financial statements included herein have been prepared by the Company in accordance with the rules and regulations of the United States Securities and Exchange Commission (“SEC”). The unaudited condensed consolidated financial statements are comprised of the financial statements of the Company. In management’s opinion, the interim financial data presented includes all adjustments necessary for a fair presentation. All intercompany accounts and transactions have been eliminated. Certain information required by U.S. generally accepted accounting principles (“GAAP”) has been condensed or omitted in accordance with rules and regulations of the SEC. Operating results for the three months ended March 31, 2022 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, 2021.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Note 2 - Significant Accounting Policies (cont.)

b. Significant Accounting Policies:

The significant accounting policies followed in the preparation of these unaudited interim condensed consolidated financial statements are identical to those applied in the preparation of the latest annual financial statements, except the following new policies which was adopted following the business combination (see note 6):

1. Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories comprises of the costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

2. Revenue Recognition

Since the acquisition of Orgad (see note 6 - Business combination), the Company's revenues are comprised of two main categories: (1) selling products to customers (2) licensing cloud-enabled software subscriptions, associated software maintenance and support.

The Company recognizes revenue in accordance with ASC Topic 606, Revenues from Contracts with Customers ("ASC 606"). A contract with a customer exists only when: the parties to the contract have approved it and are committed to perform their respective obligations, the Company can identify each party's rights regarding the distinct goods or services to be transferred ("performance obligations"), the Company can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

Revenue from sale of products

Revenue from sale of products is recognized at the time the related performance obligation is satisfied by transferring a promised good to a customer. Revenue is recognized net of allowances for refunds and any taxes collected from customers, which are subsequently remitted to governmental authorities. Refunds are estimated at contract inception and updated at the end of each reporting period if additional information becomes available. Revenue is recognized when control of the product is transferred to the customer.

The Company maintains a returns policy that allows its customers to return product within a specified period of time. The estimate of the provision for returns is based upon historical experience with actual returns.

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

Note 2 - Significant Accounting Policies (cont.)*Principal versus Agent Considerations*

The Company follows the guidance provided in ASC 606 for determining whether it is a principal or an agent in arrangements with customers, by assessing whether the nature of the Company's promise is a performance obligation to provide the specified goods (principal) or to arrange for those goods to be provided by the other party (agent). With regard to products being sold by Orgad through Amazon, this determination involves judgment. The Company determined it is a principal, as it has determined that it controls the promised product before it is transferred to the end customers, it is primarily responsible for fulfilling the promise to provide the goods, and it has discretion in establishing prices. Therefore, the revenues are recorded on a gross basis.

3. Business combinations

The Company applies the provisions of ASC 805, "Business Combination" and allocates the fair value of purchase consideration to the tangible assets acquired, liabilities assumed, and intangible assets acquired based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. When determining the fair values of assets acquired and liabilities assumed, the Company estimated the future expected cash flows from acquired platform from a market participant perspective, useful lives and discount rates. In addition, management makes significant estimates and assumptions, which are uncertain, but believed to be reasonable.

Significant estimates in valuing certain intangible assets include but are not limited to future expected cash flows from acquired platforms from a market participant perspective, useful lives and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable and, as a result, actual results may differ from estimates.

Acquisition-related costs are recognized separately from the acquisition and are expensed as incurred.

4. Goodwill

Goodwill represents the excess of the purchase price over the fair value of the net tangible and intangible assets acquired in a business combination. Under ASC 350, "Intangible - Goodwill and Other", goodwill is not amortized, but rather is subject to an annual impairment test.

ASC 350 requires goodwill to be tested for impairment at the reporting unit level at least annually, the fourth quarter, or between annual tests in certain circumstances, and written down when impaired. Goodwill is tested for impairment by comparing the fair value of the reporting unit with its carrying value.

ASC 350 allows an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. If the qualitative assessment does not result in a more likely than not indication of impairment, no further impairment testing is required. If it does result in a more likely than not indication of impairment, the two-step impairment test is performed. Goodwill is not deductible for income tax purposes. Goodwill is allocated to the fashion and equipment e-commerce platform segment.

Alternatively, ASC 350 permits an entity to bypass the qualitative assessment for any reporting unit and proceed directly to performing the first step of the goodwill impairment test. There were no impairment charges to goodwill during the period presented.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Note 2 - Significant Accounting Policies (cont.)

5. Intangible assets

Intangible assets consist of identifiable intangible assets that the Company has acquired from previous business combinations. Intangible assets are recorded at costs, net of accumulated amortization. The Company amortizes its intangible assets reflecting the pattern in which the economic benefits of the intangible assets are consumed. When a pattern cannot be reliably determined, the Company uses a straight-line amortization method.

The estimated useful lives of the company’s intangible assets are as follows:

	<u>years</u>
Selling Platform	3

Each period the Company evaluates the estimated remaining useful lives of its intangible assets and whether events or changes in circumstances warrant a revision to the remaining period of amortization

c. 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

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. In addition, the carrying amounts of long term loan is approximate to its fair value because there was no change in the market conditions since its exceptions.

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.

	March 31, 2022		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets			
Investment in marketable securities (*)	-	94	-

	March 31, 2022		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial liabilities			
Derivatives	-	3	-

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, 2021		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets			
Investment in marketable securities (*)	-	108	-

(*) For the three-month periods ended March 31, 2022 and 2021, the recognized gain (loss) (based on quoted market prices with a discount due to security restrictions on iMine shares) of the marketable securities was (\$14) and \$49, respectively.

	December 31, 2021		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial liabilities			
Derivatives	-	2	-

Note 4 - Stock Based Compensation

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

	Three months ended	
	March 31,	
	2022	2021
Stock-based compensation expense - Cost of Revenues	21	-
Stock-based compensation expense - Research and Development	12	61
Stock-based compensation expense - Sales and Marketing	39	25
Stock-based compensation expense - General and Administrative	42	57
	<u>114</u>	<u>143</u>

Options issued to consultants:

- a. In July 2019, the Company entered into a three-year agreement with a consultant ("Consultant14") to provide services to the Company including assisting the Company to promote, market and sell the Company's technology to potential customers. Pursuant to such agreement and in partial consideration for such consulting services, the Company agreed to issue to Consultant14 options to purchase up to 2,667 shares of the Company's common stock upon execution of the agreement. The options are exercisable at \$15.00 per share and shall vest in 3 equal instalments every twelve months starting July 2019. Unexercised options shall expire 4 years from the effective date.

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.)

In addition, the Company agreed to issue to Consultant 14 options to purchase up to 22,233 shares of the Company's common stock upon execution of the agreement. The options are exercisable at \$1.08 per share and shall vest in 4 equal instalments every six months starting September 2020. Unexercised options shall expire 5 years from the effective date.

During the three-month period ended March 31, 2022 and 2021, an amount of \$3 and \$3, respectively, were recorded by the Company as stock-based equity awards with respect to Consultants.

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, is limited to 5,770,000 options. Stock options can be granted with an exercise price equal to or less than the stock's fair market value at the date of grant.

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 three-month period ended March 31, 2022 were \$2 and \$1, respectively and the expenses during the three months ended March 31, 2021 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 three-month period ended March 31, 2022, the Company didn't grant any stock options under the 2017 Employee Plan, no options were exercised and options to purchase 51,873 shares of common stock, expired.

The total stock option compensation expense during the three-month period ended March 31, 2022 and 2021 which was recorded was \$31 and \$136, 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. On December 30, 2021, the Court denied both My Size and North Empire’s motions for summary judgment, arguing there were factual issues to be determined at trial. On January 26, 2022, the Company filed a notice of appeal of the summary judgment decision. The appeal must be fully perfected and filed by July 26, 2022. On February 3, 2022, the Company filed a motion to reargue the Court’s decision denying the Company’s motion for summary judgment. On or about March 31, 2022, North Empire filed its opposition papers to the Company’s motion to reargue. The return date on the motion to reargue has been adjourned to May 23, 2022.

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 court preliminary hearing was held on March 1, 2022. Following the first preliminary hearing and the Court’s comments and recommendation, the plaintiffs filed a motion to strike out the claim without prejudice. On March 8, 2022 the Court ordered dismissal without prejudice of the claim. The Court also ruled that to the extent the plaintiffs will not move within 7 days to revise their motion do dismiss their claim “with prejudice”, the Company will be entitled to request an order for costs. On April 11, 2022 the Court ordered the plaintiffs to pay the Company’s costs in the amount of NIS 15,000, within 30 days.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Note 6 – Business CombinationAcquisition of Orgad

On February 7, 2022, the Company acquired 100% of the shares and voting interests in Orgad an omnichannel e-commerce platform. The acquisition was designed to create an additional revenue stream for the Company by becoming a direct e-commerce seller while leveraging the synergies between MySizeID and Orgad's e-commerce platform.

The results of operations of Orgad have been included in the consolidated financial statements since the acquisition date of February 7, 2022. Orgad revenues included in the Company's consolidated statement of operations from February 7, 2022 through March 31, 2022 were \$360,113. If the acquisition had occurred on January 1, 2021, management estimates that the consolidated pro forma revenues for the year would have been \$2,768 thousand, and the net loss would have been \$2,272 thousand

(a) Consideration transferred

The following table summarizes the acquisition date fair value of each major class of consideration:

	USD
Cash (*)	300,000
Issuance of shares of common stock (1,395,025 shares) (**)	457,000
Total consideration transferred	757,000

(*)The cash payment is subject to working capital adjustments.

(**)Quoted price as of acquisition date

In addition, the Company agreed to pay to the former owners of Orgad, on the two-year and the three-year anniversary of the closing, \$350,000 in each of these years provided that in the case of the second and third installments certain revenue targets are met and subject further to certain downward post-closing adjustment. Furthermore, 1,395,024 shares of common stock will be issued in eight equal quarterly instalments until the lapse of two years from closing. Additional earn-out payments of 10% of the operating profit of Orgad for the years 2022 and 2023 will also be paid. All of these payments are subject to the former owners being actively engaged with Orgad at the date such payment is due, and therefore were not taken as part of the consideration for the business combination.

During the three-month period ended March 31, 2022 an amount of \$83 and \$72 was recorded by the Company as expenses, with respect to the future grants and payments.

(b) Identifiable assets acquired and liabilities assumed

Under the preliminary purchase price allocation, the Company allocates the purchase price to tangible and identified intangible assets acquired and liabilities assumed based on the preliminary estimates of their fair values, which were determined using generally accepted valuation techniques based on estimates and assumptions made by management at the time of the acquisition. Such estimates are subject to change during the measurement period which is not expected to exceed one year. The purchase price allocation was not finalized due to examination of the net working capital of Orgad at the acquisition date. Any adjustments to the preliminary purchase price allocation identified during the measurement period will be recognized in the period in which the adjustments are determined.

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Note 6 – Business Combination (Cont.)

The following table summarizes the preliminary fair value of assets acquired and liabilities assumed as of the acquisition date:

	Thousands USD
Cash and Cash Equivalent	0
Trade receivables	89
Other receivables	239
Inventory	864
Fixed assets	55
Long-term deposits	31
Selling platform (*)	378
Goodwill	268
Short-term credit	(181)
Trade payables	(660)
Other payables	(101)
Long-term loan	(138)
Deferred Taxes	(87)
Total identifiable net assets acquired	<u>757</u>

(*) The estimated useful lives of the selling platform are 3 years. During the three-month period ended March 31, 2022 an amount of \$21 was recorded by the Company as an expense.

(c) Acquisition-related costs

The Company incurred transaction costs of approximately \$55 thousand during the 3-month period ended March 31, 2022 which were included in general and administrative expenses in the consolidated statements of income (loss).

Notes to Condensed Consolidated Interim Financial Statements (Unaudited)

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

Note 7 – Operating Segments

The Company's reportable operating segments are (i) fashion and equipment e-commerce platform see note 6, regarding business combination and (ii) SaaS based innovative artificial intelligence driven measurement solutions. The fashion and equipment e-commerce platform which represent Orgad's activity that was acquired by the Company, mainly operates on Amazon. The SaaS based innovative artificial intelligence driven measurement solutions, or SaaS Solutions operating segment consists of My Size Inc and My Size Israel.

Information related to the operations of the Company's reportable operating segments is set forth below:

	Fashion and equipment e-commerce platform	SaaS Solutions	Total
For the three months ended March 31, 2022			
Revenue	360	44	404
Operating loss (income)	(32)	2,137	2,105
	Fashion and equipment e-commerce platform	SaaS Solutions	
For March 31, 2022:			
Assets		1,588	10,690

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, 2021, filed with the Securities and Exchange Commission on March 31, 2022, or the Annual Report, including the consolidated annual financial statements as of December 31, 2021 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, Orgad International Marketing Ltd., or Orgad 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.

Orgad Acquisition

On February 7, 2022, My Size Israel 2014 Ltd, or My Size Israel, entered into a Share Purchase Agreement, or the Orgad Agreement, with Amar Guy Shalom and Elad Bretfeld, or the Orgad Sellers, pursuant to which the Orgad Sellers agreed to sell to My Size Israel all of the issued and outstanding equity of Orgad.

Orgad operates an omnichannel e-commerce platform engaged in online retailing in the global market. It operates as a third-party seller on Amazon.com, eBay and others. Orgad currently manages more than 1,000 stock-keeping units, or SKUs, mainly in fashion, apparel and shoes, but is capable of managing tens of thousands of SKUs.

The Orgad Sellers are the sole title and beneficial owners of 100% of the shares of Orgad. In consideration of the shares of Orgad, the Orgad Sellers are entitled to receive (i) up to \$1,000,000 in cash, or the Orgad Cash Consideration, (ii) an aggregate of 2,790,049 shares, or the Orgad Equity Consideration, of the our common stock, and (iii) earn-out payments of 10% of the operating profit of Orgad for the years 2022 and 2023. The transaction closed on the same day.

The Orgad Cash Consideration is payable to the Orgad Sellers in three installments, according to the following payment schedule: (i) \$300,000 which we paid upon closing, (ii) \$350,000 payable on the two-year anniversary of the closing, and (iii) \$350,000 payable on the three-year anniversary of the closing; provided that in the case of the second and third installments certain revenue targets are met and subject further to certain downward post-closing adjustment.

The Equity Consideration is payable to the Orgad Sellers according to the following payment schedule: (i) 1,395,025 shares were issued at closing, and (ii) and 1,395,024 shares will be issued in eight equal quarterly installments until the lapse of two years from closing, subject to certain downward post-closing adjustment.

The payment of the second and third cash installments, the equity installments and the earn out are further subject in each case to the Orgad Sellers being actively engaged with Orgad at the date such payment is due (except if the Orgad Sellers resign due to reasons relating to material reduction of salary or adverse change in their position with Orgad or its affiliates).

In connection with the Orgad Agreement, each of the Orgad Sellers entered into employment agreements with Orgad and six-month lock-up agreements with us.

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.

Operations in Russia

In addition to our Israel operations, we have operations in Russia through our wholly owned subsidiary, My Size LLC. Specifically, we undertake some of our sales and marketing using personnel located in Russia. To date, the invasion of Ukraine by Russia has not had a material impact on our business.

Results of Operations

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

	Three months ended March 31	
	2022	2021
	(dollars in thousands)	
Revenues	\$ 404	\$ 27
Cost of revenues	(251)	-
Gross profit	153	27
Research and development expenses	(412)	(373)
Sales and marketing	(959)	(546)
General and administrative	(887)	(624)
Operating loss	(2,105)	(1,516)
Financial income (expenses), net	(83)	59
Net loss	<u>\$ (2,188)</u>	<u>\$ (1,457)</u>

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

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 three months ended March 31, 2022 amounted to \$404,000 compared to \$27,000 for the three months ended March 31, 2021. The increase was primarily attributable to \$360,000 in revenue generated from Orgad from February 7, 2022, the date of closing of the Orgad acquisition, or the Acquisition Date, through to the end of the first quarter 2022.

Cost Of Revenues

Our cost of revenues expenses for the three months ended March 31, 2022 amounted to \$251,000 compared to none for the three months ended March 31, 2021. The increase in comparison with the corresponding period was due to the cost of goods of the revenues generated from Orgad's operations.

Research and Development Expenses

Our research and development expenses for the three months ended March 31, 2022 amounted to \$412,000 compared to \$373,000 for the three months ended March 31, 2021. The increase in comparison with the corresponding period was mainly due to an increase in shared based expenses.

Sales and Marketing Expenses

Our sales and marketing expenses for the three months ended March 31, 2022 amounted to \$959,000 compared to \$546,000 for the three months ended March 31, 2021. The increase in comparison with the corresponding period was mainly due to the hiring of new employees, expenses associated with Orgad activities and events and travel expenses.

General and Administrative Expenses

Our general and administrative expenses for the three months ended March 31, 2022 amounted to \$887,000 compared to \$624,000 for the three months ended March 31, 2021. The increase in comparison with the corresponding period was mainly due to professional services attributed to the Orgad acquisition and salaries of Orgad management.

Operating Loss

As a result of the foregoing, for the three months ended March 31, 2022, our operating loss was \$2,105,000 an increase of \$589,000 compared to our operating loss for the three months ended March 31, 2021 of \$1,516,000.

Financial Income (Expenses), Net

Our financial expense, net for the three months ended March 31, 2022 amounted to \$83,000 compared to financial income of \$59,000 for the three months ended March 31, 2021. During the three months ended March 31, 2022, we had financial expenses mainly from exchange rate differences and revaluation of investment in marketable securities whereas in the corresponding period we had financial income of \$59,000 primarily due revaluation of investment in marketable securities.

Net Loss

As a result of the foregoing, our net loss for the three months ended March 31, 2022 was \$2,188,000, compared to net loss of \$1,457,000 for the three months ended March 31, 2021.

Liquidity and Capital Resources

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

As of March 31, 2022, we had cash, cash equivalents, and restricted cash of \$8,112,000 compared to \$10,943,000 of cash, cash equivalents and restricted cash as of December 31, 2021. This decrease primarily resulted from our operating activities, the acquisition of Orgad, intercompany loans that was deployed to grow Orgad's business.

Cash used in operating activities amounted to \$2,579,000 for the three months ended March 31, 2022, compared to \$1,271,000 for the three months ended March 31, 2021. The increase in cash used in operating activities was mainly due to the acquisition of Orgad and working capital.

Net cash used in investing activities was \$321,000 for the three months ended March 31, 2022, compared to cash used in investing activities of \$3,000 for the three months ended March 31, 2021. The increase from the corresponding period was mainly due to the acquisition of Orgad.

Net cash provided by financing activities was \$7,000 for the three months ended March 31, 2021, compared to \$5,369,000 for the three months ended March 31, 2021. The cash flow from financing activities for the three months ended March 31, 2021 resulted from the public offerings that occurred in January 2021 and March 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 that we will continue to generate losses and negative cash flows from operations for the foreseeable future. Based on the projected cash flows and cash balances as of March 31, 2022, we believe our existing cash will be sufficient to fund operations for a period less than 12 months. As a result, there is substantial doubt about our ability to continue as a going concern. 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.

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, economic conditions, the impact of the COVID-19 pandemic, the Russian invasion of Ukraine, 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.

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.

Critical Accounting 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 issued by the Financial Accounting Standards Board, or FASB. 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.

Our significant accounting policies were revenue from contracts with customers which are more fully described in the notes to our financial statements appearing elsewhere in this Quarterly Report on Form 10-Q. We believe that these accounting policies discussed 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.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Not required for a smaller reporting company.

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

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

As required by Rule 13a-15(b) under the Exchange Act, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2022. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of March 31, 2022 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.

North Empire LLC

On August 7, 2018, we 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 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 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 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 December 30, 2021, the Court denied both My Size and North Empire’s motions for summary judgment, arguing there were factual issues to be determined at trial. On January 26, 2022, we filed a notice of appeal of the summary judgment decision. The appeal must be fully perfected and filed by July 26, 2022. On February 3, 2022, we filed a motion to reargue the Court’s decision denying our motion for summary judgment. On or about March 31, 2022, North Empire filed its opposition papers to our motion to reargue. The return date on the motion to reargue has been adjourned to May 23, 2022.

Fidelity Venture Capital Ltd.

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 court preliminary hearing was held on March 1, 2022. Following the first preliminary hearing and the Court’s comments and recommendation, the plaintiffs filed a motion to strike out the claim without prejudice. On March 8, 2022 the Court ordered dismissal without prejudice of the claim. The Court also ruled that to the extent the plaintiffs will not move within 7 days to revise their motion do dismiss their claim “with prejudice”, the we will be entitled to request an order for costs. On April 11, 2022 the Court ordered the plaintiffs to pay our costs in the amount of NIS 15,000, within 30 days.

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: May 12, 2022

By: /s/ Ronen Luzon

Ronen Luzon
Chief Executive Officer
(Principal Executive Officer)

Date: May 12, 2022

By: /s/ Or Kles

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

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

I, Ronen Luzon certify that:

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

Date: May 12, 2022

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: May 12, 2022

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 March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronen Luzon, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 12, 2022

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 March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Or Kles, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 12, 2022

By: s/ Or Kles

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