

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2022

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

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

Commission file number 001-37370

**MY SIZE, INC.**

(Exact name of registrant as specified in charter)

<b>Delaware</b> (State or jurisdiction of Incorporation or organization)	<b>51-0394637</b> I.R.S Employer Identification No.
<b>4 Hayarden, POB 1026, Airport City, Israel</b> (Address of principal executive offices)	<b>7010000</b> (Zip code)

**+972-3- 6009030**

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$0.001 per share	MYSZ	The Nasdaq Capital Market

**Securities registered pursuant to Section 12(g) of the Act: None.**

Indicate by check mark whether the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 and post such files). Yes ☒ No ☐

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller Reporting Company	<input checked="" type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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 by Rule 12b-2 of the Exchange Act) Yes ☐ No ☒

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive- based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2022, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$25,551,906.

Number of shares of common stock outstanding as of March 31, 2023 was 2,446,780.

Documents Incorporated by Reference: None.

## Table of Contents

<b>Part I</b>	
Item 1. <a href="#">Business</a>	2
Item 1A. <a href="#">Risk Factors</a>	18
Item 1B. <a href="#">Unresolved Staff Comments</a>	41
Item 2. <a href="#">Properties</a>	41
Item 3. <a href="#">Legal Proceedings</a>	41
Item 4. <a href="#">Mine Safety Disclosures</a>	42
<b>Part II</b>	
Item 5. <a href="#">Market For Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	43
Item 6. <a href="#">Selected Financial Data</a>	43
Item 7. <a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	43
Item 7A. <a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	50
Item 8. <a href="#">Financial Statements and Supplementary Data</a>	F-1
Item 9. <a href="#">Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</a>	51
Item 9A. <a href="#">Controls and Procedures</a>	51
Item 9B. <a href="#">Other Information</a>	51
Item 9C. <a href="#">Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.</a>	51
<b>Part III</b>	
Item 10. <a href="#">Directors, Executive Officers and Corporate Governance</a>	52
Item 11. <a href="#">Executive Compensation</a>	57
Item 12. <a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	60
Item 13. <a href="#">Certain Relationships and Related Transactions, and Director Independence</a>	62
Item 14. <a href="#">Principal Accounting Fees and Services</a>	65
<b>Part IV</b>	
Item 15. <a href="#">Exhibits, Financial Statement Schedules</a>	66
<a href="#">Signatures</a>	69

## PART I

In this Annual Report on Form 10-K, unless the context requires otherwise, the terms “we,” “our,” “us,” or “the Company” refer to MySize, Inc., a Delaware corporation, and its subsidiaries, including MySize Israel 2014 Ltd. My Size LLC, Orgad International Marketing Ltd., or Orgad, and Naiz Bespoke Technologies, S.L. or Naiz, taken as a whole.

References to “U.S. dollars” and “\$” are to currency of the United States of America, and references to “NIS” are to New Israeli Shekels. Unless otherwise indicated, U.S. dollar translations of NIS amounts presented in this Annual Report on Form 10-K for the year ended on December 31, 2022 are translated using the rate of NIS 3.358 to \$1.00.

All information in this Annual Report on Form 10-K relating to shares or price per share reflects the 1-for-25 reverse stock split effected by us on December 8, 2022.

### CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Any statements in Annual Report on Form 10-K 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 Annual Report on Form 10-K. 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;
- risks related to our ability to continue as a going concern;
- the new and unproven nature of the measurement technology markets;
- our ability to achieve customer adoption of our products;
- our ability to realize the benefits of our acquisitions of Orgad and Naiz;
- our dependence on assets we purchased from a related party;
- 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;
- current or future unfavorable economic and market conditions and adverse developments with respect to financial institutions and associated liquidity risk; 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 Annual Report on Form 10-K and the documents that we reference herein and have filed as exhibits to the Annual Report on Form 10-K, 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 Annual Report on Form 10-K is accurate as of the date hereof. Because the risk factors referred to in this Annual Report on Form 10-K, 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 Annual Report on Form 10-K, and particularly our forward-looking statements, by these cautionary statements.

## **ITEM 1. BUSINESS**

### **Overview**

We are an omnichannel e-commerce platform and provider of AI-driven apparel sizing and digital experience solutions that drive revenue growth and reduce costs for our business clients for online shopping and physical stores.

Our flagship innovative tech products, MySizeID, enables shoppers to generate highly accurate measurements of their body to find the accurate fitting apparel by using our application on their mobile phone or through MySizeID Widget: a simple questionnaire which uses a database collected over the years.

MySizeID syncs the user's measurement data to a sizing chart integrated through a retailer's (or a white labeled) mobile application, and only presents items for purchase that match their measurements to ensure a correct fit.

We are positioning ourselves as a consolidator of sizing solutions and new digital experience due to new developments for the fashion industry needs. Our other product offerings include First Look Smart Mirror for physical stores and Smart Catalog to empower brand design teams, which are designed to increase end consumer satisfaction, contributing to a sustainable world and reduce operation costs.

### **Recent Developments**

#### *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.

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 111,602 shares, or the Orgad Equity Consideration, of 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) 55,801 shares were issued at closing, and (ii) 55,801 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.

#### *Naiz Acquisition*

On October 7, 2022, we entered into a Share Purchase Agreement, or the Naiz Agreement, with Borja Cembrero Saralegui, or Borja, Aritz Torre Garcia, or Aritz, Whitehole, S.L., or Whitehole, Twinbel, S.L., or Twinbel and EGI Acceleration, S.L., or EGI. Each of Borja, Aritz, Whitehole, Twinbel and EGI shall be referred to as the Naiz Sellers herein. Pursuant to the Naiz Agreement, the Naiz Sellers agreed to sell to My Size all of the issued and outstanding equity of Naiz, a limited liability company incorporated under the laws of Spain. The acquisition of Naiz was completed on October 11, 2022.

In consideration of the purchase of the shares of Naiz, the Naiz Agreement provided that the Naiz Sellers are entitled to receive (i) an aggregate of 240,000 shares, or the Naiz Equity Consideration, of My Size common stock, or the Shares, representing in the aggregate, immediately prior to the issuance of such shares at the closing of the transaction, not more than 19.9% of the issued and outstanding Shares and (ii) up to \$2,050,000 in cash, the Naiz Cash Consideration.

The Naiz Equity Consideration was issued to the Naiz Sellers at closing of the transaction of which 94,632 shares of My Size common stock were issued to Whitehole constituting 6.6% of our outstanding shares following such issuance. The Naiz Agreement also provides that, in the event that the actual value of the Naiz Equity Consideration (based on the average closing price of the Shares on the Nasdaq Capital Market over the 10 trading days prior to the closing of the transaction, or the Equity Value Averaging Period) is less than \$1,650,000, My Size shall make an additional cash payment, or the Shortfall Value to the Naiz Sellers within 45 days of our receipt of Naiz's 2025 audited financial statements; provided that certain revenue targets are met. Following the Equity Value Averaging Period, it was determined that the Shortfall Value is \$459,240.

The Naiz Cash Consideration is payable to the Naiz Sellers in five installments, according to the following payment schedule: (i) US\$500,000 at closing, (ii) up to US\$500,000 within 45 days of My Size's receipt of Naiz's 2022 audited financial statements, (iii) up to US\$350,000 within 45 days of My Size's receipt of Naiz's unaudited financial statements for the six months ended June 30, 2023, (iv) up to \$350,000 within 45 days of My Size's receipt of Naiz's unaudited financial statements for the six months ended December 31, 2023, and (v) up to \$350,000 within 45 days of My Size's receipt of Naiz's 2024 audited financial statements; provided that in the case of the second, third, fourth and fifth installments certain revenue targets are met.

The payment of the second, third, fourth and fifth cash installments are further subject to the continuing employment or involvement of Borja and Aritz, or the Key Persons, by or with Naiz at the date such payment is due (except if a Key Person is terminated from Naiz due to a Good Reason (as defined in the Naiz Agreement)).

The Naiz Agreement contains customary representations, warranties and indemnification provisions. In addition, the Naiz Sellers are subject to non-competition and non-solicitation provisions pursuant to which they agree not to engage in competitive activities with respect to My Size's business.

In connection with the Naiz Agreement, (i) each of the Naiz Sellers entered into six-months lock-up agreements, or the Lock-Up Agreement, with My Size, (ii) Whitehole, Twinbel and EGI entered into a voting agreement, or the Voting Agreement, with My Size and (iii) each of the Key Persons entered into employment agreements and services agreements with Naiz.

The Lock-Up Agreement provides that each Naiz Seller will not, for the six-months period following the closing of the transaction, (i) offer, pledge, sell, contract to sell, sell any option, warrant or contract to purchase, purchase any option, warrant or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares in each case, that are currently or hereafter owned of record or beneficially (including holding as a custodian) by such Naiz Seller, or publicly disclose the intention to make any such offer, sale, pledge, grant, transfer or disposition; or (ii) enter into any swap, short sale, hedge or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of such Naiz Seller's Shares regardless of whether any such transaction described in clause (i) or this clause (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise. The Lock-Up Agreement also contains an additional three-months "dribble-out" provision that provides following the expiration of the initial six-months lock-up period, without My Size's prior written consent (which My Size shall be permitted to withhold at its sole discretion), each Naiz Seller shall not sell, dispose of or otherwise transfer on any given day a number of Shares representing more than the average daily trading volume of the Shares for the rolling 30 day trading period prior to the date on which such Seller executes a trade of the Shares.

The Voting Agreement provides that the voting of any Shares held by each of Whitehole, Twinbel and EGI, or the Naiz Acquisition Stockholders, will be exercised exclusively by a proxy designated by My Size's board of directors from time to time, or the Proxy, and that each Naiz Acquisition Stockholder will irrevocably designate and appoint the then-current Proxy as its sole and exclusive attorney-in-fact and proxy to vote and exercise all voting right with respect to the Shares held by each Naiz Acquisition Stockholder. The Voting Agreement also provides that, if the voting power held by the Proxy, taking into account the proxies granted by the Naiz Acquisition Stockholders and the Shares owned by the Proxy, represents 20% or more of the voting power of My Size's stockholders that will vote on an item, or the Voting Power, then the Proxy shall vote such number of Shares in excess of 19.9% of the Voting Power in the same proportion as the Shares that are voted by My Size's other stockholders. The Voting Agreement will terminate on the earliest to occur of (i) such time that such Naiz Acquisition Stockholder no longer owns the Shares, (ii) the sale of all or substantially all of the assets of My Size or the consolidation or merger of My Size with or into any other business entity pursuant to which stockholders of My Size prior to such consolidation or merger hold less than 50% of the voting equity of the surviving or resulting entity, (iii) the liquidation, dissolution or winding up of the business operations of My Size, and (iv) the filing or consent to filing of any bankruptcy, insolvency or reorganization case or proceeding involving My Size or otherwise seeking any relief under any laws relating to relief from debts or protection of debtors.

#### *Warehouse Fire*

On January 2, 2023, Orgad experienced a fire at its warehouse in Israel. we are not aware of any casualties or injuries associated with the fire. We shifted Orgad's operation to its headquarters. The value of the inventory that was in the warehouse was approximately \$450,000. We believe that this incident did not affect the future sales results of Orgad for the year of 2023. The inventory was not insured and it is too early to determine the potential impact of this incident on the other parties that were involved in the incident (lessor and others that leased properties near the warehouse).

#### *January 2023 Financing*

On January 10, 2023, we entered into a securities purchase agreement, or the RD Purchase Agreement, pursuant to which we agreed to sell and issue in the RD Offering an aggregate of 162,000 of our shares of common stock, or the RD Shares, and pre-funded warrants, or the Pre-funded Warrants, to purchase up to 279,899 shares of common stock and, in a concurrent private placement, unregistered warrants to purchase up to 883,798 shares of common stock, or the RD Warrants, consisting of Series A warrants, or Series A Warrants, to purchase up to 441,899 shares of common stock and Series B warrants, or Series B Warrants, to purchase up to 441,899 shares of common stock, at an offering price of \$3.055 per RD Share and associated Series A and Series B Warrants and an offering price of \$3.054 per Pre-funded Warrant and associated Series A and Series B Warrants.

In addition, we entered into a securities purchase agreement, or the PIPE Purchase Agreement, and together with the RD Purchase Agreement, the Purchase Agreements, pursuant to which we agreed to sell and issue in the PIPE Offering an aggregate of up to 540,098 unregistered Pre-funded Warrants and unregistered warrants to purchase up to an aggregate of 1,080,196 shares of common stock, or the PIPE Warrants and together with the RD Warrants, the Warrants, consisting of Series A Warrants to purchase up to 540,098 shares of common stock and Series B Warrants to purchase up to 540,098 shares of common stock at an offering price of \$3.054 per Pre-funded Warrant and associated Series A and Series B Warrants.

The Pre-funded Warrants are immediately exercisable at an exercise price of \$0.001 per share and will not expire until exercised in full. The Warrants are immediately exercisable upon issuance at an exercise price of \$2.805 per share, subject to adjustment as set forth therein. The Series A Warrants have a term of five and one-half years from the date of issuance and the Series B Warrants have a term of 28 months from the date of issuance. The Warrants may be exercised on a cashless basis if there is no effective registration statement registering the shares underlying the warrants.

In connection with the PIPE Purchase Agreement, we entered into a registration rights agreement, or the Registration Rights Agreement. Pursuant to the Registration Rights Agreement, we are required to file a resale registration statement, or the Registration Statement, with the Securities and Exchange Commission, or the SEC, to register for resale the shares issuable upon exercise of the unregistered Pre-funded Warrants and the Series A and Series B Warrants, within 20 days of the signing date of the PIPE Purchase Agreement, or the Signing Date, and to have such Registration Statement declared effective within 60 days after the Signing Date in the event the Registration Statement is not reviewed by the SEC, or 90 days of the Signing Date in the event the Registration Statement is reviewed by the SEC. We will be obligated to pay certain liquidated damages if we fail to maintain the effectiveness of the Registration Statement.

The Purchase Agreements and the Registration Rights Agreements also contain representations, warranties, indemnification and other provisions customary for transactions of this nature. In addition, subject to limited exceptions, the Purchase Agreements provide that for a period of one year following the closing of the Offerings, we will not effect or enter into an agreement to effect a “variable rate transaction” as defined in the Purchase Agreements.

Aggregate gross proceeds to the Company in respect of the Offerings was approximately \$3.0 million, before deducting fees payable to the placement agent and other offering expenses payable by the Company.

We also entered into a letter agreement, or the Engagement Agreement, with H.C. Wainwright & Co., LLC, or Wainwright, pursuant to which Wainwright agreed to serve as the exclusive placement agent for the Company in connection with the Offerings. We paid Wainwright a cash placement fee equal to 7% of the aggregate gross proceeds raised in the Offerings, a management fee of 1% of the aggregate gross proceeds raised in the Offerings, a non-accountable expense allowance of \$85,000 and clearing fees of \$15,950. Wainwright also received placement agent warrants, or the Placement Agent Warrants, with substantially the same terms as the Series A Warrants issued in the Offering in an amount equal to 7% of the aggregate number of Shares and Pre-funded Warrants sold in the Offerings, or 68,740 shares, at an exercise price of \$3.8188 per share and a term expiring on January 10, 2028.

#### **Our Solution**

Our cloud-based software platform provides highly accurate sizing and measurement with broad applications including the online fashion/apparel industry, logistics and courier services and home DIY. Currently, we are mainly focusing on the e-commerce fashion/apparel industry. This proprietary technology is driven by several patented algorithms which are able to calculate and record measurements in a variety of novel ways. Although specific functionality varies by product, we believe that our core solutions address the need for highly accurate measurements in a variety of consumer friendly, every day uses.

We have developed three products, *MySizeID* for the fashion/apparel industry, *BoxSize* for the logistics and courier services market and *SizeUp* for the home DIY market.

- *MySizeID* enables shoppers to generate highly accurate measurements of their body to find proper fitting clothes and accessories, through the use of our application on their mobile phone or through a simple questionnaire if the user decides not to download the application. *MySizeID* syncs the user's measurement data to a sizing chart and presents items for purchase that match their measurements to ensure a correct fit. *MySizeID* is available for license by retailers and accessible by consumers through a web page.
- *BoxSize* enables customers to quickly and easily measure the size and volume of a parcel to accurately calculate shipping fees. It also offers shipping companies a variety of precise logistical data for more efficiently managing their supply chain, providing them with an accurate way to compare the physical package with what is in the shipping manifest. *BoxSize* solution is available for license on both iOS and Android operating systems. *BoxSize* is available on the Honeywell Marketplace and in August 2019 was approved for Honeywell's Independent Software Vendor Program, and MySize was granted an independent software vendor (ISV) status on the Zebra Technologies and on DataLogic platforms.
- *SizeUp* is a digital tape measure that allows users to measure length, width and height of a surface by moving their smartphone from point to point of an object or space. *SizeUp* is a value-add for DIY and home improvement retailers whose customers struggle to find the appropriately sized items (like blinds or curtains) for their homes or projects due to inaccurate measurements. *SizeUp* also is designed to replace rulers, tape measures and other measuring tools used for DIY projects. *SizeUp* is available for consumer download on both iOS and Android operating systems.

The following are some select key features of our solutions:

- **Integration Capability.** We design our solutions to be flexible and configurable, allowing our clients to match their use of our algorithms and software with their specific business processes and workflows. Our platform has been organically developed from a common code base, data structure and user interface, providing a consistent user experience with powerful features that are easily adaptable to our clients' needs. The MySizeID widget can be integrated via one-line JavaScript code, or through RESTful API;
- **Intuitive user experience.** Our intuitive, easy-to-use interface is based on current technology, multiple focus groups and automatically adapts to users' devices, including mobile platforms, thereby significantly increasing accessibility of our solutions;
- **Big Data Generation.** While we supply to the user the information he/she requires, we gather certain vital information such as body measurement and package volume which can be used anonymously to help the retailer acquire predictive size information on stocking, operations and consumers that may be in between sizes. All the information is being gathered and stored on our servers where it can be used by retailers;
- **Non-Invasive.** In taking measurements using our solution, the smartphone camera is not utilized; instead, the measurements are captured by scanning the smartphone over the consumer's body or package, thus ensuring greater privacy.

## Our Growth Strategy

We aim to drive revenue primarily through penetration of the U.S. and Europe markets through a business to business to consumer (B2B2C) model in the verticals we are targeting. We are pursuing the following growth strategies:

- **Sign Additional Commercial Agreements with U.S. Retailers.** During 2022, we expanded our commercial agreements with Levi's, introducing North America (U.S. and Canada) and Latin America regions, and by extension Levis' native apps in EU and U.S. regions. We also entered into commercial agreements with Baby Fresh, Galax, Punto Blanco, GEF France, Diesel, Gaala, Superdry, Uniontex Industries, and Temperlay London among others. We are in various stages of discussions with U.S. and foreign retailers for the deployment of our size recommendation and measurement technology with a view to entering into additional commercial agreements.



- **Pursue a Two-Pronged Commercialization Strategy.** We are seeking to accelerate adoption of our solutions both through direct partnerships with e-commerce websites as well as through third-party platform websites. While we seek to directly enter into partnerships with companies maintaining e-commerce websites in the apparel, courier and DIY markets, we are also seeking to deploy our solutions on third-party platforms. Furthermore, with the expansion of *MySizeID* through the release of our FirstLook Smart Mirror, which we are offering to brick and mortar stores to digitize the physical stores, *MySizeID* is now available for online retailers utilizing the WooCommerce, Shopify, Lightspeed, PrestaShop, Bitrix and Wix platforms and to brick and mortar stores through GK Software POS solution while *BoxSize* is available on the Honeywell, Zebra Technologies and Datalogic.
- **Ongoing Investment in our Technology Platform.** We continue to invest in building new software capabilities and extending our platform to bring the power of accurate measurement to a broader range of applications. In particular, we seek not only to deliver size recommendations but to provide a robust, end-to-end, artificial intelligence, or AI-driven platform that inspires consumer confidence and drives revenue growth by providing a superior consumer journey to both online and the brick and mortar stores.
- **Grow our database.** As the usage of our measurement apps increases, our database of information including user behaviour and body measurements generates valuable statistics. Such data can be used in the big data market for targeted advertising and for blind consumer data mining.
- **Identify and acquire synergistic businesses.** In order to reduce our time to market and obtain complementary technologies, we are seeking to acquire technologies and businesses that are synergistic to our product offering. We recently completed an acquisition of Orgad which operates an omnichannel e-commerce platform and Naiz which provides SaaS technology solutions that solve size and fit issues for fashion ecommerce companies.
- **Partnerships and cooperation.** In order to bring a wider solution for the retail market we are working to partner and integrate our technology with partners that can increase our penetration and offering to the market.

## Market Opportunity

The global e-commerce market was \$5.7 trillion in 2022, and the industry is expected to grow significantly in the coming years with no signs of slowing down. Market specialists expect a compound annual growth rate of 27.43% from 2023 to 2028: according to data from Statista, the market is expected to reach \$6.5 trillion in 2023. While many sectors have found ways to increase revenue through e-commerce, e-commerce is still plagued by issues that cut into profits and negatively impact the bottom line, such as customer returns, low consumer conversion, and associated restocking and shipping costs.

## Fashion/Apparel

Since the onset of the COVID-19 pandemic, an immense shift to digital was recorded, with 85.9% growth vs. pre-pandemic, according to Mastercard, and over 2 billion people worldwide who shop online, according to data from Oberlo. In November 2022, online shoppers broke records with \$11.3 billion in spending on Cyber Monday, driving 5.8% year-over-year growth and making the day the biggest online shopping day of all time, according to Adobe Analytics.

In 2021, fashion companies invested between 1.6% and 1.8% of their revenues in technology, according to McKinsey, and are expected to double the investment by 2030 in order to keep up with digital natives and keep a competitive edge. Personalization in e-commerce and hybrid connectivity in brick-and-mortar retail are two key themes in the future of fashtech, according to McKinsey's 2022 State of Fashion Technology.

In the upcoming years, inflation is expected to impact the fashion world. As prices for goods increase, the challenge will be to inspire confidence in consumers, via different smart digital tools. Brands will need to embrace creative digital tools and new channels to deepen customer relationships, and as McKinsey forecasts in their State of Fashion report for 2023, they will need to execute on priorities such as sustainability and digital acceleration.

The global fashion e-commerce market size is expected to grow from \$744.4 billion in 2022 to \$821.19 billion in 2023 at a compound annual growth rate of 10.3%. In 2027, the market size is expected to grow to \$1,222.32 billion, at a compound annual growth rate of 10.5%, according to BRC.

Based on the importance which shoppers attribute to free shipping - 50% of cart abandonment rate is due to extra shipping costs (Baymard Institute) - the need for fashion retailers to substantiate the optimal size for a customer, thus minimizing returns, has never been more crucial.

As brands move online or significantly expand their online presence, we believe that developing innovative ways to connect with shoppers, both online and offline, has become a top priority.

### ***Shipping/Parcel***

According to Pitney Bowes, parcel revenue in 13 major countries around the world increased by 17% year over year from \$420 billion in 2020 (reflecting 131 billion parcels) to \$491 billion in 2021 (reflecting 159 billion parcels). In the shipping/parcel industry, the dimensions of a package are critical. It is not merely the measurement of a package or box – but rather the amount of space that the package or box will take up on a truck, airplane, or ship that will be transporting the package or box. Far too often, retailers use unfit packaging for their items, adding additional costs in materials and shipping fees.

### ***DIY***

Similar to issues in the apparel and fashion market, big box, hardware, furniture, and DIY stores are plagued by returns due to incorrect fit and measurements. In an industry where precise measurement for projects is an absolute necessity, e-commerce has not grown as quickly as in other industries which we believe is due to lack of consumer confidence in measurements at home and buying the correct item online.

### ***MySizeID***

We have released the *MySizeID* app for both iOS and Android which assists consumers to take highly accurate measurement of their own body in order to size clothing in the best way possible without the need to try the clothes on before purchasing. *MySizeID* is designed to simplify the process of purchasing clothes online and significantly reduce the rate of returns of poor-fitting clothing. During 2022, MySizeID delivered over 23.5 million size recommendations.

The application is the result of a research and development effort that combines:

- anthropometric research – analyses of information pertaining to body measurements derived from a survey and the subsequent determination of correlations between body parts;
- body measurement algorithm research – an algorithm created by us to measure body parts; and
- retailers size chart analyses – adopting a deep understanding of the size charts of retailers and the corresponding “body to garment size.”

*MySizeID* allows consumers to create a secure, online profile of their personal measurements, which can then be utilized, with partnered online retailers, to ensure that no matter the manufacturer or size chart, they will get the right fit. *MySizeID* operates based on the use of existing sensors in smart phones which enable, through a specific purpose application, the measurement of the body of any consumer by moving the smartphone along his or her body. The *MySizeID* application does not rely on user photographs or any additional hardware; all a user needs to do is scan their body with their smartphone and the application records their measurements. The measurements can then be saved in our database in the cloud, enabling the user to search for clothes in various retailer websites without worrying about size. When a search is made, the retailer will connect to our cloud database, and then provide results based on the user’s measurements and other parameters as he or she may have defined. This data is also saved for use when a customer enters a brick-and-mortar store to help serve the customer more efficiently and to provide a better shopping experience.

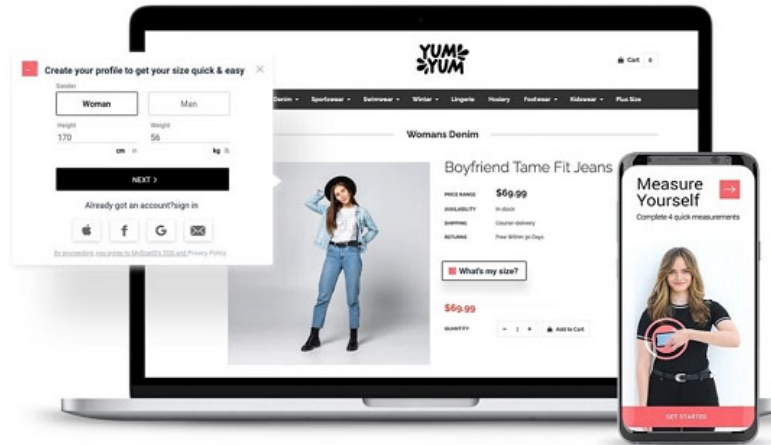
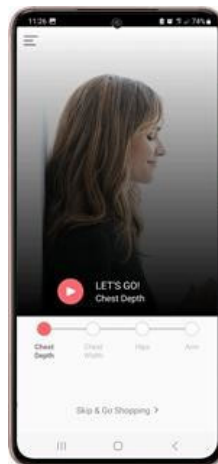


Figure 1: Screenshot of MySizeID on smartphone and e-commerce website

As part of the integration process, we offer to the retailer five main components:

- **Mobile App.** MySizeID comes in the form of a native app or website. Our native app can be used “as is” integrated into the retailer’s e-commerce website. The website users can build a body profile on the app and receive size recommendations for their profile both in the app and on a widget integrated with their website.



- **Widget.** When a consumer enters into the retailer’s website and looks for a specific item, he or she can click on the *MySizeID* widget which will inform the consumer of his or her recommended size, based on his or her actual measurements, as measured using the app and the item he or she is looking at.

The widget has two features:

*AI Wizard mode* - allows the user to obtain size from the following parameters: gender, height, weight, belly shape, hip shape and bra size only. The gender, height and weight questions are mandatory, while the body shape questions are optional and can be added to increase accuracy for specific apparel categories.

*Guest mode* - allows a user that does not wish to sign up to *MySizeID* as a user to obtain size recommendations as well.

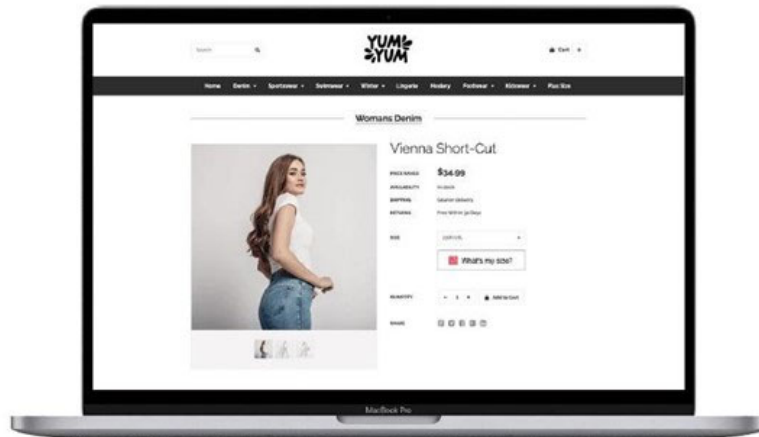
- **Analytic Pixel.** MySizeID analytic pixel allows retailer to track and analyze the widget usage. By adding the pixel to the retailer’s website, MySizeID BI team can track engagement, order, and return data and provide retailers with tools to understand the advantage and benefits of MySizeID.

Use your own device - using MySizeID instore solution, shoppers can receive size recommendations for all store items, when shopping in the offline stores. The shoppers can build their body profile using an easy to use 3 to 6 questions form, scan an item barcode and receive a size recommendation for the scanned item based on their body profile and the item’s size chart.

Another feature we added is the “in-between sizing” feature. Our system can detect a user that has body dimensions that place the user in-between the clothes sizes being offered and lets the user know that. A user can then choose between the two sizes according to the user’s fit preference (tight/loose/average).

In addition, we have recently released our Instant-App feature which allows shoppers to generate their body measurements directly from our widget, without the need to download our mobile app. Using this technology, the shoppers can create their online profile of their personal measurements and complete a purchase faster and easier with minimum distractions.

The body profile can be created while shoppers are viewing the page from their mobile phone, or by scanning a QR code on desktop that will open the same page on the mobile phone.



*Screenshot of Instant-App widget on desktop on yumyumfashion website*

- MyDash Platform.** The *MyDash* platform is a smart back-office system where the retailer enters all the information regarding its size charts that correlates to every product in its e-commerce site, and where the retailer can access the information on its users. This system is customizable based on the retailer's needs. In 2021, we changed the *MyDash* system to increase the system's accessibility, added walkthroughs, user guides and changed the user interface and much more for the ease of use. We added the option to use our generic size charts, added the option upload size chart files instead of typing the size charts values manually, added more widget styling options and changed the pairing mechanism between the size chart and the products to be more user-friendly.

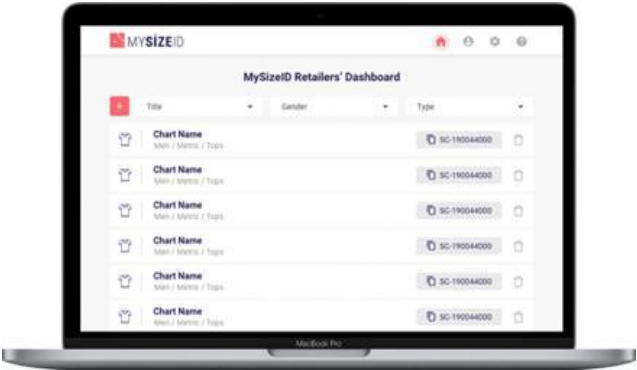


Figure 3: Screenshot of Back-Office System

- FirstLook Smart Mirror.** The Smart Mirror provides an interactive, mirror-like touch display that allows brands to provide in-store customers with an enhanced, online shopping experience, contactless checkout and obtains the recommended size. The *MySizeID* FirstLook Smart Mirror can be placed in numerous locations throughout a retail store, including the fitting rooms (without cameras) or other high-traffic locations of the store. Highlight capabilities of the FirstLook Smart Mirror include a 3D “Try-it-on” interactive avatar experience, personalized and highly accurate size recommendations by *MySizeID*, third-party point of sale systems integration, styling recommendations and contactless “select and collect” at the register feature.



Illustration of *MySizeID* “first look” smart mirror in a fashion store

We are currently offering *MySizeID* technology to retailers through either a pay-per-use model or a monthly subscription model. In our pay-per-use business model, every time the consumer obtains a recommended size, the retailer is charged for the usage.

### **BoxSize**

*BoxSize* is a parcel measurement application that can provide real-time logistic data on package volumes and transportation, resulting in improved operational efficiency and reduced operating expenses. In addition, *BoxSize* allows customers to easily measure the size of their parcel with their smartphone, calculate shipping costs and arrange for a convenient pick-up time for the package. *BoxSize* is available both on iOS and Android.

In 2020 we released the “One Click” feature on *BoxSize* that enables the user to measure a package with just one swipe of the handheld device. Previously, measurements through *BoxSize* would require three separate swipes.

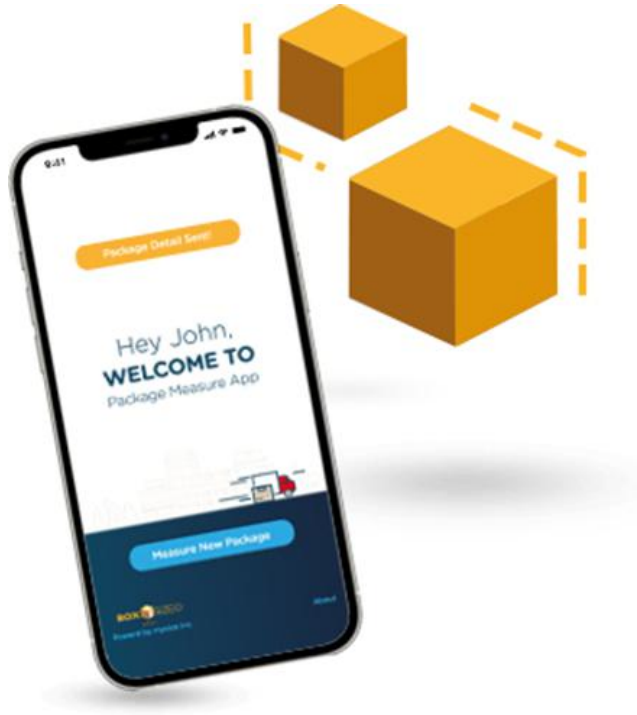


Figure 4: Screenshot of *BoxSize*

Our *BoxSize* mobile measurement solution is available on the Honeywell Marketplace. In addition, *BoxSize* was approved for Honeywell’s Global Vendor Program, and is available to provide highly accurate mobile measurement solutions for thousands of Honeywell clients. We also developed a new dashboard for the courier companies to have all the required data about each package in one place. It includes package dimensions, pictures, scan geo location and more. The dashboard also let the courier use Webhooks, which allows him to get the information from his own system.

In 2020, we announced our partnership with Datalogic, a company focused on the automatic data capture and process automation markets. The partnership makes our *BoxSize* measurement solution available to thousands of Datalogic customers in the Transportation and Logistics vertical.

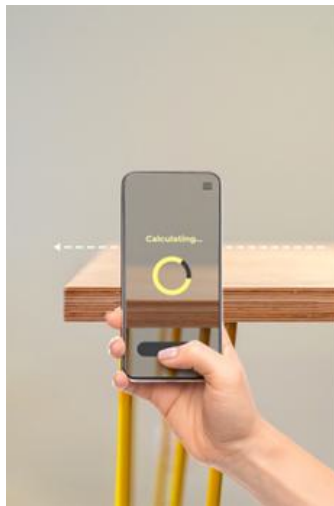
#### ***Agreement with Delhivery Private Limited, India***

We entered into an agreement with Delhivery Private Limited, one of the largest courier pickup, delivery, and online shipping services in India. Delhivery's reputation as a front-runner in delivery and logistics tech makes its decision to select *Boxsize* a particularly strong testament to the value the solution provides. *BoxSize* provides Delhivery's employees on the B2B side with critical information that will allow them to effortlessly optimize loading efficiency and add even more real-time visibility to operations.

#### **SizeUp**

We are working on additional consumer applications, including a DIY application. Our *SizeUp* application is a smart tape measure for the business to consumer market which allows users to utilize their smartphone as a tape measure. The application provides measurements with an accuracy of within two centimeters. Through the use of *SizeUp*, users will be able to visualize how an object or a piece of furniture will fit in an existing room in their home or office. It also added Google Vision for image content analysis, object detection, and title suggestions.

Currently the *SizeUp* app for Android and iOS is available for free for the first 30 days, after which a user will be required to register via e-mail and pay a one-time fee of \$1.99 to continue using the application. To date, revenues from downloads have been minimal.



#### **Research and Development**

Our research and development team are responsible for the research, algorithm, design, development, and testing of all aspects of our measurement platform technology. We invest in these efforts to continuously improve, innovate, and add new features to our solutions.

We incurred research and development expenses of approximately \$1.7 million in 2022 and \$4.25 million in 2021, relating to the development of its applications and technologies. The decrease 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 the Amendment to Purchase Agreement dated May 26, 2021. We intend to continue to invest in our research and development capabilities to extend our platform and bring our measurement technology to a broader range of applications.

In 2022, the R&D department experienced significant success in their efforts to improve the performance of their size recommendation system. Through a combination of optimized algorithms and the incorporation of cutting-edge technologies, the team was able to achieve a threefold increase in the system's speed. This breakthrough not only makes the system one of the fastest and most accurate on the market, but also reduced the operation costs, making it more cost-effective for businesses to use. Additionally, the solution is now highly scalable, allowing it to easily adapt to the needs of businesses of any size. The R&D team is now focused on further improving the system and exploring new applications for the technology.

### **Sales and Marketing**

In 2019, we launched a commercialization strategy that directs our sales efforts toward both sales to e-commerce players in specific vertical markets such as fashion/apparel and shipping/delivery as well as to e-commerce third-party platform providers. As of March 15, 2023, our products are being sold in the following countries: US, UK, France, Netherlands, Spain, Portugal Turkey, Germany, Israel and Italy, generating customer leads, building out a sales pipeline, and developing customer relationships.

We believe an effective method to market our suite of products is for users to actively use and explore its capabilities. We encourage free trials of one or more of our products in order to successfully convert those accounts to paid subscriptions.

### **Proprietary Rights**

We rely on a combination of patent, copyright, trademark and trade secret laws in the United States and other jurisdictions, as well as contractual protections, to protect our proprietary technology.

As of December 31, 2022, we owned 18 issued patents: six in Europe, four in the U.S., three in each of Russia and Japan and one in each of Canada and Israel which expire between January 20, 2033 and August 18, 2036, and we have two additional patent applications in process. As of such date, we do not have any registered trademarks.

We cannot provide any assurance that our proprietary rights with respect to our products will be viable or have value in the future since the validity, enforceability and type of protection of proprietary rights in software-related industries are uncertain and still evolving.

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy aspects of our products or to obtain and use information that we regard as proprietary. Policing unauthorized use of our products is difficult, and while we are unable to determine the extent to which piracy of our software products exists, software piracy can be expected to be a persistent problem. In addition, the laws of some foreign countries do not protect proprietary rights to as great an extent as do the laws of the United States, and effective copyright, trademark, trade secret and patent protection may not be available in those jurisdictions. Our means of protecting our proprietary rights may not be adequate to protect us from the infringement or misappropriation of such rights by others.

Further, in recent years, there has been significant litigation in the United States involving patents and other intellectual property rights, particularly in the software and Internet-related industries. We can become subject to intellectual property infringement claims as the number of our competitors grows and our products and services overlap with competitive offerings. These claims, even if not meritorious, could be expensive to defend and could divert management's attention from operating our business. If we become liable to third parties for infringing their intellectual property rights, we could be required to pay a substantial award of damages and to develop non-infringing technology, obtain a license or cease selling the products that contain the infringing intellectual property. We may be unable to develop non-infringing technology or obtain a license on commercially reasonable terms, if at all.



## Government Regulation

We are subject to a number foreign and domestic laws and regulations that involve matters central to our business. These laws and regulations may involve privacy, data protection, intellectual property, or other subjects. Many of the laws and regulations to which we are subject are still evolving and being tested in courts and could be interpreted in ways that could harm our business. In addition, the application and interpretation of these laws and regulations often are uncertain, particularly in the new and rapidly evolving industry in which we operate. Because global laws and regulations have continued to develop and evolve rapidly, it is possible that we, our products, or our platform may not be, or may not have been, compliant with each such applicable law or regulation.

In particular, we are subject to a variety of federal, state and international laws and regulations governing the processing of personal data. Many U.S. states have passed laws requiring notification to data subjects when there is a security breach of personally identifiable data. There are also a number of legislative proposals pending before the U.S. Congress, various state legislative bodies and foreign governments concerning data protection. In addition, data protection laws in Europe and other jurisdictions outside the United States can be more restrictive than those within the United States, and the interpretation and application of these laws are still uncertain and in flux.

For example, the General Data Protection Regulation, or GDPR, which took effect on May 25, 2018, enhances data protection obligations for entities that process personal data about individuals, including obligations to cooperate with European data protection authorities, implement security measures and keep records of personal data processing activities. Noncompliance with the GDPR can trigger fines equal to the greater of €20 million or 4% of global annual revenue. In addition, the California Consumer Privacy Act of 2018, or CCPA, effective as of January 1, 2020, gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches, that is expected to increase data breach litigation. Further, failure to comply with the Israeli Privacy Protection Law of 1981, and its regulations, as well as the guidelines of the Israeli Privacy Protection Authority, may expose us to administrative fines, civil claims (including class actions) and in certain cases criminal liability. Current pending legislation may result in a change of the current enforcement measures and sanctions. Given the breadth and depth of changes in data protection obligations, meeting the requirements of GDPR and other applicable laws and regulations has required significant time and resources, including a review of our technology and systems currently in use against the requirements of GDPR and other applicable laws and regulations. We have taken various steps to prepare for complying with GDPR and other applicable laws and regulations however there can be no assurance that these steps are sufficient to assure compliance. Further, additional EU laws and regulations (and member states' implementations thereof) further govern the protection of individuals and of electronic communications. If our efforts to comply with GDPR or other applicable laws and regulations are not successful, we may be subject to penalties and fines that would adversely impact our business and results of operations, and our ability to use personal data of individuals could be significantly impaired.

## Competition

We operate in a highly competitive industry that is characterized by constant change and innovation. Changes in the applications and the programing languages used to develop applications, devices, operating systems, and technology landscape result in evolving customer requirements. Our competitors include True Fit, Fit analytics and 3DLook.

The principal competitive factors in our market include the following:

- **High Accuracy Size Recommendations:** the highest accuracy and the lowest margin of error by combining patented technology including AI and ML, size chart or spec data, and MySizeID property body data measurement;
- **Integration**
  - **Fast** 1 week integration including size chart size chart review and product mapping
  - **Easy** 1 line of “all included” script implementation
- **Technical Advantages**
  - Very small library that weighs ±50kb (minimum widget loading time on product page)
  - Ultra-Fast loading and size recommendation presenting
  - Restful API option (API integration with any website or app)

- **Optimizations**
  - Adjustments of size charts based on performance
  - Widget usage analysis by FashTech and BI teams
  - Automatic pairing of size charts with products/collections
- **User Experience**
  - Easy to use interface (10-15 seconds to receive size recommendations)
  - Option to add/deduct questions to/from widget wizards
  - Users automatically receive size recommendations on all products after initial sign up
- Product and platform features, architecture, reliability, privacy and security, performance, effectiveness, and supported environments;
- Product extensibility and ability to integrate with other technology infrastructures;
- Digital operations expertise;
- Ease of use of products and platform capabilities;
- Total cost of ownership;
- Adherence to industry standards and certifications;
- Strength of sales and marketing efforts;
- Brand awareness and reputation; and
- Focus on customer success

We believe we generally compete favorably with our competitors on the basis of these factors. We expect competition to increase as other established and emerging companies enter our markets, as customer requirements evolve, and as new products and technologies are introduced. We expect this to be particularly true as we offer a smartphone-based offering that does not need to utilize the smartphone's camera, and our competitors may also seek to repurpose their existing offerings to provide similar solutions. Many of our competitors have substantially greater financial, technical, and other resources, greater name recognition, larger sales and marketing budgets, broader distribution, and larger and more mature intellectual property portfolios.

#### **Human Capital Management**

As of March 31, 2023, we had a total of 35 employees, of which 30 were full-time employees, including 9 in sales and marketing, 12 in technology and development and 9 in administration and finance.

None of our employees are represented by a collective bargaining agreement, nor have we experienced any work stoppage. We consider our relationship with our employees to be good. Our future success depends on our continuing ability to attract and retain highly qualified engineers, sales and marketing, account management, and senior management personnel.

We also believe we have built a strong sales team focused on expanding into new markets through the acquisition of Naiz and our current team.

We believe that our future success will depend, in part, on our continued ability to attract, hire and retain qualified personnel. In particular, we depend on the skills, experience and performance of our senior management and research personnel. We compete for qualified personnel with other hi-tech companies, as well as universities and non-profit research institutions.

We provide competitive compensation and benefits programs to help meet the needs of our employees. In addition to salaries, these programs (which vary by country/region and employment classification) include incentive compensation plan, pension, and insurance benefits, paid time off, , among others. We also use targeted equity-based grants with vesting conditions to facilitate retention of personnel, particularly for our key employees.

The success of our business is fundamentally connected to the well-being of our people. Accordingly, we implemented an hybrid work policy in which the employees can work from home twice a week.

We consider our employees to be a key factor to our success and we are focused on attracting and retaining the best employees at all levels of our business. Inclusion and diversity is a strategic, business priority. We employ people based on relevant qualifications, demonstrated skills, performance and other job-related factors. We do not tolerate unlawful discrimination related to employment, and strive to ensure that employment decisions related to recruitment, selection, evaluation, compensation, and development, among others, are not influenced by race, color, religion, gender, age, ethnic origin, nationality, sexual orientation, marital status, or disability. Continuous monitoring to ensure pay equity has been a focus in 2022. We have continued to improve gender balance in 2022 with a focus on increasing the representation of women hired as new college graduates. We are committed to creating a trusting environment where all ideas are welcomed and employees feel comfortable and empowered to draw on their unique experiences and backgrounds.

We consider our relations with our employees to be good.

#### **Company Information**

Our principal executive offices are located at HaYarden 4 St., POB 1026, Airport City, Israel 7010000, and our telephone number is +972-3-600-9030. Our website address is [www.mysizeid.com](http://www.mysizeid.com). Any information contained on, or that can be accessed through, our website is not incorporated by reference into, nor is it in any way a part of, this Annual Report on Form 10-K.

We use our website ([www.mysizeid.com](http://www.mysizeid.com)) as a channel of distribution of Company information. The information we post through this channel may be deemed material. Accordingly, investors should monitor our website, in addition to following our press releases, SEC filings and public conference calls and webcasts. The contents of our website are not, however, a part of this Annual Report on Form 10-K.

#### **Corporate History**

We were incorporated in the State of Delaware on September 20, 1999 under the name Topspin Medical, Inc. In December 2013, we changed our name to Knowledgetree Ventures Inc. Subsequently, in February 2014, we changed our name to MySize, Inc. In 2020, we created a subsidiary in the Russian Federation, My Size LLC.

From inception through 2012, we were engaged in research and development of a medical magnetic resonance imaging, or MRI, technology for interventional cardiology and in the development of MRI technology for use in the diagnosis and treatment of prostate cancer. In January 2012, we acquired Metamorefex Ltd., or Metamorefex. Metamorefex was incorporated in 2007, and was engaged in the development of innovative solutions for the rehabilitation of tissues, particularly skin tissues. By the end of 2012, we ceased operations and in January 2013, we sold our entire ownership interest in Metamorefex.

In September 2013, Ronen Luzon, our Chief Executive Officer, acquired control of the Company from Asher Shmuelevitch, according to which Mr. Luzon purchased 70,238 shares of common stock from Mr. Shmuelevitch, which shares represented approximately 40% of the issued and outstanding capital stock of the Company at such time, thus becoming a controlling shareholder of the Company. In connection with the acquisition, Mr. Luzon reached a settlement with our then creditors pursuant to which the main creditor, Mr. Shmuelevitch, was paid a total sum of approximately \$140,000 in consideration for a full and final waiver of any and all his claims that he may have relating to any monetary indebtedness of the Company to the creditors.

In February 2014, My Size Israel, our wholly owned subsidiary, entered into a Purchase Agreement, or the Purchase Agreement, with Shoshana Zigdon, who at the time was a beneficial owner of more than 20% of our outstanding shares, with respect to the acquisition by us of certain rights related to the collection of data for measurement purposes including rights in the venture, the method and a patent application that had been filed by the Seller (PCT/IL2013/050056), or the Assets. In consideration for the sale of the Assets, we agreed to pay to Ms. Zigdon, 18% of our operating profit, directly or indirectly connected with the Assets together with value-added tax in accordance with the law for a period of seven years from the end of the development period of the aforementioned venture. In addition to the foregoing, the Purchase Agreement provided that all developments, improvements, knowledge and know-how developed and/or accumulated by us after the execution of the Purchase Agreement will be owned by us. Further, Ms. Zigdon agreed not to compete, directly or indirectly, with us in any matter relating to the Assets for a period of seven years from the end of the development period of the venture.

On May 26, 2021, we, My Size Israel, and Ms. Zigdon entered into an Amendment to Purchase Agreement, or the Amendment, which made certain amendments to the Purchase Agreement. Pursuant to the Amendment, Ms. Zigdon agreed to irrevocably waive (i) 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 our business is substantially dependent, or the Assets, and (ii) 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, or the Waiver. In consideration of the Waiver, we issued 100,000 shares of common stock to Ms. Zigdon.

In September 2005, we commenced trading on the Tel Aviv Stock Exchange, or TASE. Between 2007 and 2012 we reported as a public company with the SEC. In August 2012, we suspended our reporting obligations. In mid-2015 we resumed reporting as a public company. On July 25, 2016, our common stock began publicly trading on the Nasdaq Capital Market under the symbol "MYSZ".

## **ITEM 1A. RISK FACTORS**

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors and the other information in this Annual Report on Form 10-K before investing in our common stock. Our business and results of operations could be seriously harmed by any of the following risks. The risks set out below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results. If any of the following events occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the value and trading price of our common stock could decline, and you may lose all or part of your investment.

### **Summary Risk Factors**

The principal factors and uncertainties that make investing in our ordinary shares risky, include, among others:

#### **Risks Related to Our Financial Position and Capital Requirements**

- We have historically incurred significant losses and there can be no assurance when, or if, we will achieve or maintain profitability.
- Our limited operating history makes it difficult to evaluate our business and prospects.
- We will need to raise additional capital to meet our business requirements in the future, which is likely to be challenging, could be highly dilutive and may cause the market price of our common stock to decline.
- The report of our independent registered public accounting firm contains an explanatory paragraph regarding substantial doubt about our ability to continue as a going concern.

#### **Risks Related to Our Company and Our Business**

- The market for our measurement technology is new and unproven, may experience limited growth and is highly dependent on U.S. retailers and online third-party resellers adopting our flagship product, MySizeID.

- Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to grow our business and achieve broader market acceptance of our products.
- We expect our sales cycle to be long and unpredictable and require considerable time and expense before executing a customer agreement, which may make it difficult to project when, if at all, we will obtain new customers and when we will generate revenue from those customers.
- We recently acquired Orgad and Naiz and may in the future engage in additional acquisitions, joint ventures or collaborations which may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks. We may not realize the benefits of these acquisitions, joint ventures or collaborations.
- If we are not able to enhance our brand and increase market awareness of our company and products, then our business, results of operations and financial condition may be adversely affected.
- If we do not develop enhancements to our products and introduce new products that achieve market acceptance, our business, results of operations and financial condition could be adversely affected.
- The mobile technology industry is subject to rapid technological change and, to compete, we must continually enhance our mobile device applications and custom development services.
- Our growth depends, in part, on the success of our strategic relationships with third parties.
- Changes in economic conditions could materially affect our business, financial condition and results of operations.
- We rely upon third parties to provide distribution for our applications, and disruption in these services could harm our business.
- We rely on third-party hosting and cloud computing providers to operate certain aspects of our business. Any failure, disruption or significant interruption in our network or hosting and cloud services could adversely impact our operations and harm our business.
- Real or perceived errors, failures, or bugs in our products could adversely affect our operating results and growth prospects.
- We could be harmed by improper disclosure or loss of sensitive or confidential company, employee, or customer data, including personal data.
- A material breach in security relating to our information systems and regulation related to such breaches could adversely affect us.
- Our products and our business are subject to a variety of U.S. and international laws and regulations, including those regarding privacy, data protection and information security, and our customers may be subject to regulations related to the handling and transfer of certain types of sensitive and confidential information. Any failure of our products to comply with or enable our customers to comply with applicable laws and regulations would harm our business, results of operations and financial condition.
- We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brands and adversely affect our business.
- We may face intense competition and expect competition to increase in the future, which could limit us in developing a customer base and generating revenue.
- Our business operations and future development could be significantly disrupted if we lose key members of our management team.

- If we are able to expand our operations, we may be unable to successfully manage our future growth.

#### **Risks Related to Our Operations in Israel and Russia**

- Our headquarters and most of our operations are located in Israel, and therefore, political conditions in Israel may affect our operations and results.
- Russia's invasion of Ukraine and sanctions brought against Russia could disrupt our operations in Russia.

#### **Risks Related to Our Common Stock**

- A more active, liquid trading market for our common stock may not develop, and the price of our common stock may fluctuate significantly.
- Our business, operating results and growth rates may be adversely affected by current or future unfavorable economic and market conditions and adverse developments with respect to financial institutions and associated liquidity risk;
- Sales by our stockholders of a substantial number of shares of our common stock in the public market could adversely affect the market price of our common stock.
- Our securities are traded on more than one market which may result in price variations.
- We are a former "shell company" and as such are subject to certain limitations not generally applicable to other public companies.

#### **Risks Related to Our Financial Position and Capital Requirements**

*We have historically incurred significant losses and there can be no assurance when, or if, we will achieve or maintain profitability.*

We realized a net loss of approximately \$8.3 million and \$10.5 million for the years ended December 31, 2022 and 2021 and had an accumulated deficit of \$53.5 million as at December 31, 2022. Because of the numerous risks and uncertainties associated with the development and commercialization of our products and business, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Expected future operating losses will have an adverse effect on our cash resources, shareholders' equity and working capital. Our failure to become and remain profitable could depress the value of our stock and impair our ability to raise capital, expand our business, maintain our development efforts, or continue our operations. A decline in our value could also cause you to lose all or part of your investment in us.

*Our limited operating history makes it difficult to evaluate our business and prospects.*

We have only been developing our measurement technology since 2014. Since then, our operating history has been primarily limited to research and development, pilot studies, raising capital, and more recently acquisitions and sales and marketing efforts. Therefore, it may be difficult to evaluate our business and prospects. We have not yet demonstrated an ability to commercialize our products. Consequently, any predictions about our future performance may not be accurate, and you may not be able to fully assess our ability to complete development and/or commercialize our products, and any future products.

*We will need to raise additional capital to meet our business requirements in the future, which is likely to be challenging, could be highly dilutive and may cause the market price of our common stock to decline.*

Based on our projected cash flows and the cash balances as of the date of this Annual Report on Form 10-K, our existing cash is insufficient to fund operations for a period of more than 12 months. As a result, there is substantial doubt about our ability to continue as a going concern. In order to meet our business objectives in the future, 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 pressure;
- 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, 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.

***Management has concluded that there is substantial doubt about our ability to continue as a going concern which could prevent us from obtaining new financing on reasonable terms or at all.***

We have incurred significant losses and negative cash flows from operations and have an accumulated deficit that raises substantial doubt about its ability to continue as a going concern. Our audited consolidated financial statements for the year ended December 31, 2022 were prepared under the assumption that we would continue our operations as a going concern. Our independent registered public accounting firm has included a “going concern” explanatory paragraph in its report on our financial statements for the year ended December 31, 2022. If we are unable to improve our liquidity position, by, among other things, raising capital through public or private offerings or reducing our expenses, we may exhaust our cash resources and will be unable to continue our operations. If we cannot continue as a viable entity, our shareholders would likely lose most or all of their investment in us.

#### **Risks Related to Our Company and Our Business**

***The market for our measurement technology is new and unproven, may experience limited growth and is highly dependent on U.S. retailers and online third-party resellers adopting our flagship product, MySizeID.***

The market for our measurement technology is relatively new and unproven and is subject to a number of risks and uncertainties. We believe that our future success will depend in large part on market adoption of our flagship product, *MySizeID*, by U.S. retailers and online third-party resellers. In order to grow our business, we intend to focus on educating retailers and resellers and other potential customers about the benefits of our measurement technology, expanding the functionality of our products and bringing new products to market to increase market acceptance and use of our technology. Our ability to develop and expand the market that our products address depends upon a number of factors, including the cost savings, performance and perceived value associated with such products. The market for our products could fail to develop or there could be a reduction in interest or demand for our products as a result of a lack of consumer acceptance, technological challenges, competing products and services, weakening economic conditions and other causes. We may never successfully commercialize our products and if our products fail to achieve market acceptance, this would have a material adverse effect on our business, results of operations and financial condition.

***Failure to effectively develop and expand our sales and marketing capabilities could harm our ability to grow our business and achieve broader market acceptance of our products.***

Our ability to achieve customer adoption, especially among U.S. retailers will depend, in part, on our ability to effectively organize, focus and train our sales and marketing personnel. We have limited experience selling to U.S. retailers and only recently established a U.S. sales force. We believe that there is significant competition for experienced sales professionals with the skills and industry knowledge that we require. Our ability to achieve significant revenue growth in the future will depend, in part, on our ability to recruit, train and retain a sufficient number of experienced sales professionals, particularly those with experience selling to U.S. retailers. In addition, even if we are successful in hiring qualified sales personnel, new hires require significant training and experience before they achieve full productivity, particularly for sales efforts targeted at U.S. retailers and new markets. Because we only recently started sales efforts, we cannot predict whether, or to what extent, our sales efforts will be successful.

***We expect our sales cycle to be long and unpredictable and require considerable time and expense before executing a customer agreement, which may make it difficult to project when, if at all, we will obtain new customers and when we will generate revenue from those customers.***

In this market segment, the decision to adopt our products may require the approval of multiple technical and business decision makers, including security, compliance, procurement, operations and IT. In addition, while U.S. retailers may be willing to deploy our products on a limited basis, before they will commit to deploying our products at scale, they often require extensive education about our products and significant customer support time, engage in protracted pricing negotiations and seek to secure readily available development resources. As a result, it is difficult to predict when we will obtain new customers and begin generating revenue from these customers. As part of our sales cycle, we may incur significant expenses before executing a definitive agreement with a prospective customer and before we are able to generate any revenue from such agreement. We have no assurance that the substantial time and money spent on our sales efforts will generate significant revenue. If conditions in the marketplace generally or with a specific prospective customer change negatively, it is possible that no definitive agreement will be executed, and we will be unable to recover any of these expenses. If we are not successful in targeting, supporting and streamlining our sales processes and if revenue expected to be generated from a prospective customer is not realized in the time period expected or not realized at all, our ability to grow our business, and our operating results and financial condition may be adversely affected. If our sales cycles lengthen, our future revenue could be lower than expected, which would have an adverse impact on our operating results and could cause our stock price to decline.



*We recently acquired Orgad and Naiz and may in the future engage in additional acquisitions, joint ventures or collaborations which may increase our capital requirements, dilute our shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks. We may not realize the benefits of these acquisitions, joint ventures or collaborations.*

In order to reduce time to market and obtain complementary technologies, we are seeking to acquire technologies and businesses that are synergistic to our product offering. For example, we recently acquired Orgad which operates an omnichannel e-commerce platform and Naiz which provides SaaS technology solutions that solve size and fit issues for fashion ecommerce companies. We evaluate from time to time various acquisitions and collaborations, including licensing or acquiring complementary technologies, intellectual property rights, or businesses. The process for acquiring a company may take from several months up to a year and costs can vary greatly. We may also compete with others to acquire companies, and such competition may result in decreased availability of, or an increase in price for, suitable acquisition candidates. In addition, we may not be able to consummate acquisitions or investments that we have identified as crucial to the implementation of our strategy for other commercial or economic reasons. As a result, it may be more difficult for us to identify suitable acquisition or investment targets or to consummate acquisitions or investments on acceptable terms or at all. If we are not able to execute on any acquisition, we may not be able to achieve a future growth strategy and may lose market share.

In addition, the acquisition of Orgad, Naiz and any potential future acquisition, joint venture or collaboration may entail numerous potential risks, including:

- increased operating expenses and cash requirements;
- the assumption of additional indebtedness or contingent liabilities;
- assimilation of operations, intellectual property and products of an acquired company, including difficulties associated with integrating new personnel;
- the diversion of our management's attention from our existing programs and initiatives in pursuing such a strategic merger or acquisition;
- retention of key employees, the loss of key personnel, and uncertainties in our ability to maintain key business relationships;
- risks and uncertainties associated with the other party to such a transaction, including the prospects of that party and their existing technologies; and
- our inability to generate revenue from acquired technologies or products sufficient to meet our objectives in undertaking the acquisition or even to offset the associated acquisition and maintenance costs.

All of the foregoing risks may be magnified as the cost, size or complexity of an acquisition or acquired company increases, or where the acquired company's products, market or business are materially different from ours, or where more than one integration is occurring simultaneously or within a concentrated period of time. We may not be able to obtain the necessary regulatory approvals, including those of antitrust authorities and foreign investment authorities, in countries where we seek to consummate acquisitions or make investments. For those and other reasons, we may ultimately fail to consummate an acquisition, even if we announce the intended acquisition.

In addition, we may require significant financing to complete an acquisition or investment, whether through bank loans, raising of equity or debt or otherwise. We cannot assure you that such financing options will be available to us on reasonable terms, or at all. If we are not able to obtain such necessary financing, it could have an impact on our ability to consummate a substantial acquisition or investment and execute a future growth strategy. Alternatively, we may issue a significant number of shares as consideration for an acquisition, which would have a dilutive effect on our existing shareholders. For example, in partial consideration for the acquisition of Orgad, we agreed to issue up to 111,602 shares of our common stock and in the Naiz acquisition we issued 240,000 shares of our common stock. Furthermore, if we undertake acquisitions, we may incur large one-time expenses and acquire intangible assets that could result in significant future amortization expense.

***If we are not able to enhance our brand and increase market awareness of our company and products, then our business, results of operations and financial condition may be adversely affected.***

We believe that enhancing the “MySize” brand identity and increasing market awareness of our company and products, particularly among U.S. retailers, is critical to achieving widespread acceptance of our products. Our ability to successfully develop new retailers may be adversely affected by a lack of awareness or acceptance of our brand. To the extent that we are unable to foster name recognition and affinity for our brand, our growth may be significantly delayed or impaired. The successful promotion of our brand will depend largely on our continued marketing efforts, market adoption of our products, and our ability to successfully differentiate our products from competing products and services. Our brand promotion may not be successful or result in revenue generation. Any incident that erodes consumer affinity for our brand could significantly reduce our brand value and damage our business. If consumers perceive or experience a reduction in quality, or in any way believe we fail to deliver a consistently positive experience, our brand value could suffer and our business may be adversely affected.

In particular, adverse weather conditions can impact guest traffic at our retailers, and, in more severe cases, cause temporary retail closures, sometimes for prolonged periods. Our business is subject to seasonal fluctuations, with retail sales typically higher during certain months, such as December. Adverse weather conditions during our most favorable months or periods may exacerbate the effect of adverse weather on consumer traffic and may cause fluctuations in our operating results from quarter-to-quarter within a fiscal year.

***If we do not develop enhancements to our products and introduce new products that achieve market acceptance, our business, results of operations and financial condition could be adversely affected.***

Our ability to attract new customers depends in part on our ability to enhance and improve our existing products, increase adoption and usage of our products and introduce new products. The success of any enhancements or new products depends on several factors, including timely completion, adequate quality testing, actual performance quality, and overall market acceptance. Enhancements and new products that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, may have interoperability difficulties with our platform or other products or may not achieve the broad market acceptance necessary to generate significant revenue. Furthermore, our ability to increase the usage of our products depends, in part, on the development of new use cases for our products and may be outside of our control. If we are unable to successfully enhance our existing products to meet evolving customer requirements, increase adoption and usage of our products, develop new products, then our business, results of operations and financial condition would be adversely affected.

***The mobile technology industry is subject to rapid technological change and, to compete, we must continually enhance our mobile Apps and custom development services.***

We must continue to enhance and improve the performance, functionality and reliability of our products. The mobile technology industry is characterized by rapid technological change, changes in user requirements and preferences, frequent new product and services introductions embodying new technologies and the emergence of new industry standards and practices that could render our products obsolete. Our success will depend, in part, on our ability to both internally develop and enhance our existing products, develop new products that address the increasingly sophisticated and varied needs of our customers, and respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. The development of our technology involves significant technical and business risks. We may fail to use new technologies effectively or to adapt our proprietary technology and systems to customer requirements or emerging industry standards. If we are unable to adapt to changing market conditions, customer requirements or emerging industry standards, we may not be able to increase our revenue and expand our business.

***Changes in economic conditions could materially affect our business, financial condition and results of operations.***

Because our primary target customers include U.S. retailers, we, together with the rest of the fashion/apparel industry, will depend upon consumer discretionary spending. Increases in unemployment rates, reductions in home values, increases in home foreclosures, investment losses, personal bankruptcies and reductions in access to credit and reduced consumer confidence, may impact consumers’ ability and willingness to spend discretionary dollars. In addition, volatile economic conditions may repress consumer confidence and discretionary spending. Any of the foregoing may have a material adverse effect on our business, financial condition and results of operations.

***Our growth depends, in part, on the success of our strategic relationships with third parties.***

To grow our business, we anticipate that we will continue to depend on relationships with third parties, such as our customers and third-party platforms. Identifying partners, and negotiating and documenting relationships with them, requires significant time and resources. If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete in the marketplace or to grow our revenue could be impaired, and our results of operations may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased customer usage of our products or increased revenue.

***We rely upon third parties to provide distribution for our applications, and disruption in these services could harm our business.***

We currently utilize, and plan on continuing to utilize over the current fiscal year, third-party networking providers and distribution through companies including, but not limited to, Apple and Google as well as Shopify, WooCommerce and, Datalogic, Honeywell and Zebra to distribute our technologies. If disruptions or capacity constraints occur, we may have no means of replacing these services, on a timely basis or at all. This could cause a material adverse condition for our operations and financial earnings.

***We rely on third-party hosting and cloud computing providers to operate certain aspects of our business. Any failure, disruption or significant interruption in our network or hosting and cloud services could adversely impact our operations and harm our business.***

Our technology infrastructure is critical to the performance of our products and customer satisfaction. Our products run on a complex distributed system, or what is commonly known as cloud computing. We own, operate and maintain elements of this system, but significant elements of this system are operated by third-parties that we do not control and which would require significant time to replace. We expect this dependence on third-parties to continue. In particular, a significant portion, if not almost all data storage, data processing and other computing services and systems is hosted by cloud computing providers. Any disruptions, outages and other performance problems relating to such services, including infrastructure changes, human or software errors and capacity constraints, could adversely impact our business, financial condition or results of operations.

***Real or perceived errors, failures, or bugs in our products could adversely affect our operating results and growth prospects.***

We update our products on a frequent basis. Despite efforts to test our updates, errors, failures or bugs may not be found in our products until after they are deployed to a customer. We have discovered and expect we will continue to discover errors, failures and bugs in our products and anticipate that certain of these errors, failures and bugs will only be discovered and remediated after deployment. Real or perceived errors, failures or bugs in our platform could result in negative publicity, government inquiries, loss of or delay in market acceptance of our products, loss of competitive position, or claims by customers for losses sustained by them. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend additional resources in order to help correct the problem.

***We could be harmed by improper disclosure or loss of sensitive or confidential company, employee, or customer data, including personal data.***

In connection with the operation of our business, we store, process and transmit data, including personal and payment information, about our employees and customers, a portion of which is confidential and/or personally sensitive. Unauthorized disclosure or loss of sensitive or confidential data may occur through a variety of methods. These include, but are not limited to, systems failure, employee negligence, fraud or misappropriation, or unauthorized access to or through our information systems, whether by our employees or third parties, including a cyberattack by computer programmers, hackers, members of organized crime and/or state-sponsored organizations, who may develop and deploy viruses, worms or other malicious software programs. Such disclosure, loss or breach could harm our reputation and subject us to government sanctions and liability under our contracts and laws that protect sensitive or personal data and confidential information, resulting in increased costs or loss of revenues. It is possible that security controls over sensitive or confidential data and other practices we and our third-party vendors follow may not prevent the improper access to, disclosure of, or loss of such information. The potential risk of security breaches and cyberattacks may increase as we introduce new products and offerings. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions in which we provide services. Any failure or perceived failure to successfully manage the collection, use, disclosure, or security of personal information or other privacy related matters, or any failure to comply with changing regulatory requirements in this area, could result in legal liability or impairment to our reputation in the marketplace.

***A material breach in security relating to our information systems and regulation related to such breaches could adversely affect us.***

Information security risks have generally increased in recent years, in part because of the proliferation of new technologies and the use of the Internet, and the increased sophistication and activity of organized crime, hackers, terrorists, activists, cybercriminals and other external parties, some of which may be linked to terrorist organizations or hostile foreign governments. For example, a cybercriminal could use cybersecurity threats to gain access to sensitive information about another company or to alter or disrupt news or information to be distributed by PR Newswire. Cybersecurity attacks are becoming more sophisticated and include malicious software, ransomware, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data, substantially damaging our reputation. Any person who circumvents our security measures could steal proprietary or confidential customer information or cause interruptions in our operations. We incur significant costs to protect against security breaches, and may incur significant additional costs to alleviate problems caused by any breaches. Our failure to prevent security breaches, or well-publicized security breaches affecting the Internet in general, could significantly harm our reputation and business and financial results.

***Our products and our business are subject to a variety of U.S. and international laws and regulations, including those regarding privacy, data protection and information security, and our customers may be subject to regulations related to the handling and transfer of certain types of sensitive and confidential information. Any failure of our products to comply with or enable our customers to comply with applicable laws and regulations would harm our business, results of operations and financial condition.***

We and our customers that use our products may be subject to privacy- and data protection-related laws and regulations that impose obligations in connection with the collection, processing and use of personal data, financial data, health or other similar data. The U.S. federal and various state and foreign governments have adopted or proposed limitations on, or requirements regarding, the collection, distribution, use, security and storage of personally identifiable information of individuals. The U.S. Federal Trade Commission and numerous state attorneys general are applying federal and state consumer protection laws to impose standards on the online collection, use and dissemination of data, and to the security measures applied to such data.

Similarly, many foreign countries and governmental bodies, including the EU member states, have laws and regulations concerning the collection and use of personally identifiable information obtained from individuals located in the EU or by businesses operating within their jurisdiction, which are often more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of personally identifiable information that identifies or may be used to identify an individual, such as names, telephone numbers, email addresses and, in some jurisdictions, IP addresses and other online identifiers.

For example, the GDPR, which took full effect on May 25, 2018. The GDPR enhances data protection obligations for businesses and requires service providers (data processors) processing personal data on behalf of customers to cooperate with European data protection authorities, implement security measures and keep records of personal data processing activities. Noncompliance with the GDPR can trigger fines equal to or greater of €20 million or 4% of global annual revenues. In addition, the CCPA, effective as of January 1, 2020, gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches, that is expected to increase data breach litigation. Further, failure to comply with the Israeli Privacy Protection Law of 1981, and its regulations, as well as the guidelines of the Israeli Privacy Protection Authority, may expose us to administrative fines, civil claims (including class actions) and in certain cases criminal liability. Current pending legislation may result in a change of the current enforcement measures and sanctions. There are also additional laws and regulations in additional jurisdictions around the world which govern the protection of consumers and of electronic communications. If our efforts to comply with GDPR, CCPA or other applicable laws and regulations are not successful, we may be subject to penalties and fines that would adversely impact our business and results of operations, and our ability to conduct business could be significantly impaired.

Additionally, although we endeavor to have our products comply with applicable laws and regulations, these and other obligations may be modified, they may be interpreted and applied in an inconsistent manner from one jurisdiction to another, and they may conflict with one another, other regulatory requirements, contractual commitments or our internal practices. We also may be bound by contractual obligations relating to our collection, use and disclosure of personal, financial and other data or may find it necessary or desirable to join industry or other self-regulatory bodies or other privacy- or data protection-related organizations that require compliance with their rules pertaining to privacy and data protection.

We expect that there will continue to be new proposed laws, rules of self-regulatory bodies, regulations and industry standards concerning privacy, data protection and information security in the United States, the European Union and other jurisdictions, and we cannot yet determine the impact such future laws, rules, regulations and standards may have on our business. Moreover, existing U.S. federal and various state and foreign privacy- and data protection-related laws and regulations are evolving and subject to potentially differing interpretations, and various legislative and regulatory bodies may expand current or enact new laws and regulations regarding privacy- and data protection-related matters. Because global laws, regulations and industry standards concerning privacy and data security have continued to develop and evolve rapidly, it is possible that we or our products or platform may not be, or may not have been, compliant with each such applicable law, regulation and industry standard and compliance with such new laws or to changes to existing laws may impact our business and practices, require us to expend significant resources to adapt to these changes, or to stop offering our products in certain countries. These developments could adversely affect our business, results of operations and financial condition.

***We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brands and adversely affect our business.***

Our ability to implement our business plan successfully depends in part on our ability to build brand recognition using our trademarks, service marks and other proprietary intellectual property, including our names and logos. We currently have no registered trademarks. While we plan to register a number of our trademarks; however, no assurance can be given that our trademark applications will be approved. As of December 31, 2022, we own 18 issued patents: six in Europe, four in the U.S., three in each of Russia and Japan and one in each of Canada and Israel which expire between January 20, 2033 and August 18, 2036, and we have two additional patent applications in process. As of such date, we do not have any registered trademarks. No assurance can be given that our patent applications which are in process will be approved. If our patent applications are not approved, our ability to expand or develop our business may be negatively affected.

Third parties may also oppose our trademark or patent applications, or otherwise challenge our use of the trademarks or patents. In the event that our trademarks or patents are successfully challenged, we could be forced to rebrand our goods and services or redesign our technology, which could result in loss of brand recognition, and could require us to devote resources to advertising and marketing new brands and products.

If our efforts to register, maintain and protect our intellectual property are inadequate, or if any third-party misappropriates, dilutes or infringes on our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business and might prevent our brands from achieving or maintaining market acceptance. We may also face the risk of claims that we have infringed third parties' intellectual property rights. If third parties claim that we infringe upon their intellectual property rights, our operating profits could be adversely affected. Any claims of intellectual property infringement, even those without merit, could be expensive and time consuming to defend, require us to rebrand our services, if feasible, divert management's attention and resources or require us to enter into royalty or licensing agreements in order to obtain the right to use a third-party's intellectual property.

Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us could result in our being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products or services, any of which could have a negative impact on our operating profits and harm our future prospects.

***We may face intense competition and expect competition to increase in the future, which could prohibit us from developing a customer base and generating revenue.***

We face significant competition in every aspect of our business. Our competitors include True Fit, Virtusize, EasyMeasure, AR MeasureKit, Smart Measure and 3DLook. These companies may already have an established market in our industry. Most of these companies have significantly greater financial and other resources than us and have been developing their products and services longer than we have been developing ours.

In addition, some of our larger competitors have substantially broader product offerings and leverage their relationships based on other products or incorporate functionality into existing products to gain business in a manner that discourages potential customers from purchasing our products. Potential customers may also prefer to purchase from their existing solution providers rather than a new solution provider regardless of product performance or features. These larger competitors often have broader product lines and market focus and will therefore not be as susceptible to downturns in a particular market. Conditions in our market could change rapidly and significantly as a result of technological advancements, partnering by our competitors or continuing market consolidation. New start-up companies that innovate and large competitors that are making significant investments in research and development may invent similar or superior products and technologies that compete with our products. In addition, some of our competitors may enter into new alliances with each other or may establish or strengthen cooperative relationships. Any such consolidation, acquisition, alliance or cooperative relationship could lead to pricing pressure and our loss of any future market share and could result in a competitor with greater financial, technical, marketing, service and other resources, all of which could harm our ability to compete. Furthermore, organizations may be more willing to incrementally add solutions to their existing infrastructure from competitors than to replace their existing infrastructure with our products. Any failure to meet and address these factors could harm our business, results of operations and financial condition.

***Our business operations and future development could be significantly disrupted if we lose key members of our management team.***

The success of our business continues to depend to a significant degree upon the continued contributions of our senior officers and key employees, both individually and as a group. Our future performance will be substantially dependent in particular on our ability to retain and motivate Ronen Luzon, our Chief Executive Officer, and certain of our other senior executive officers. The loss of the services of our Chief Executive Officer, senior officers or other key employees could have a material adverse effect on our business and plans for future development. We have no reason to believe that we will lose the services of any of these individuals in the foreseeable future; however, we currently have no effective replacement for any of these individuals due to their experience, reputation in the industry and special role in our operations. We also do not maintain any key man life insurance policies for any of our employees.

***If we are able to expand our operations, we may be unable to successfully manage our future growth.***

Our growth may strain our infrastructure and resources. Any such growth could place increased strain on our management, operational, financial and other resources, and we will need to train, motivate, and manage employees, as well as attract management, sales, finance and accounting, international, technical, and other professionals. Any failure to expand these areas and implement appropriate procedures and controls in an efficient manner and at a pace consistent with our business objectives could have a material adverse effect on our business, results of operations and financial condition.

***Our business operations are conducted in multiple languages and could be disrupted due to miscommunications or translation errors.***

The success of our business continues to depend on our marketing efforts in the United States, Europe and Israel, each of which is conducted in the local language. Miscommunications or inaccurate foreign language translations could have a material adverse effect on our business operations and financial conditions. Additionally, contracts, communications and complex technical information must be accurately translated into foreign languages.

***We will continue to incur costs and be subject to various obligations as a result of being a public company, listed in the United States and in Israel.***

We will continue to incur significant legal, accounting and other expenses as a result of being a public company, listed in the United States and in Israel. Although we will incur costs each year associated with being a publicly-traded company, it is possible that our actual costs of being a publicly-traded company will vary from year to year and may be different than our estimates. In estimating these costs, we take into account expenses related to insurance, legal, accounting and compliance activities.

Furthermore, the need to maintain the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. We have made, and will continue to make, changes to our internal controls and procedures for financial reporting and accounting systems to meet our reporting obligations as a U.S. publicly traded company. However, the measures we take may not be sufficient to satisfy our obligations as a publicly traded company.

***Any future or current litigation could have a material adverse impact on our results of operations, financial condition and liquidity.***

From time to time, we may be subject to litigation, including, among others, potential stockholder derivative actions and class actions. Risks associated with legal liability are difficult to assess and quantify, and their existence and magnitude can remain unknown for significant periods of time. Subject to certain exceptions, our Amended and Restated Certificate of Incorporation, or Certificate of Incorporation, and Amended and Restated Bylaws, or Bylaws, require us to indemnify and advance expenses to our officers and directors involved in legal proceedings. To date we have obtained directors and officers' liability, or D&O, insurance to cover some of the risk exposure for our directors and officers. Such insurance generally pays the expenses (including amounts paid to plaintiffs, fines, and expenses including attorneys' fees) of officers and directors who are the subject of a lawsuit as a result of their service to us. There can be no assurance that we will be able to continue to maintain this insurance at reasonable rates or at all, or in amounts adequate to cover such expenses should such a lawsuit occur. Without D&O insurance, the amounts we would pay to indemnify our officers and directors should they be subject to legal action based on their service to us could have a material adverse effect on our financial condition, results of operations and liquidity. Such lawsuits, and any related publicity, may result in substantial costs and, among other things, divert the attention of management and our employees. An unfavorable outcome in any claim or proceeding against us could have a material adverse impact on our financial position and results of operations for the period in which the unfavorable outcome occurs, and potentially in future periods. Further, any settlement announced by us may expose us to further claims against us by third parties seeking monetary or other damages which, even if unsuccessful, would divert management attention from the business and cause us to incur costs, possibly material, to defend such matters, which could have a material adverse impact on our financial position. See "Legal Proceedings" for more information regarding our involvement in ongoing litigation matters.

***Federal, state and local or Israeli tax rules may adversely impact our results of operations and financial position.***

We are subject to federal, state and local taxes in the U.S., as well as local taxes in Israel in respect to our operations in Israel. Although we believe our tax estimates are reasonable, if the Internal Revenue Service or other taxing authority disagrees with the positions we have taken on our tax returns, we could face additional tax liability, including interest and penalties. If material, payment of such additional amounts upon final adjudication of any disputes could have a material impact on our results of operations and financial position. In addition, complying with new tax rules, laws or regulations could impact our financial condition, and increases to federal or state statutory tax rates and other changes in tax laws, rules or regulations may increase our effective tax rate. Any increase in our effective tax rate could have a material impact on our financial results.

***A significant majority of Orgad's revenue is from sales of products on Amazon's U.S. Marketplace and any change, limitation or restriction on our ability to operate on Amazon's platform or any other marketplace could have a material adverse impact to our business, results of operations, financial condition and prospects.***

Orgad, our wholly owned subsidiary, 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. A substantial percentage of Orgad's revenue is driven by sales on Amazon's U.S. marketplace and Orgad is subject to terms of service of Amazon and other marketplaces and various other seller policies and services that apply to third parties selling products on Amazon and other marketplaces. Generally, a marketplace has the right to terminate or suspend its agreement with Orgad at any time and for any reason. Such marketplace may take other actions against Orgad such as suspending or terminating a seller account or product listing and withholding payments owed to Orgad indefinitely. For example, in July 2022, Amazon deactivated Orgad's Amazon U.S. store as a result of complaints submitted due to an error in the listed manufacturer of certain products on Orgad's store. Although its account was subsequently reinstated in September 2022, if the deactivation were to occur in the future for a prolonged period of time, or if Amazon were to terminate Orgad's account, this would have a material adverse effect on our business, results of operations, financial condition and prospects. While Orgad endeavors to materially comply with the terms of services of the marketplaces on which it operates, we can provide no assurance that these marketplaces will have the same determination with respect to our compliance.

In addition, Amazon and other marketplaces can make changes to its platform that could require Orgad to change the manner in which it operates, limit its ability to successfully launch new products or increase its costs to operate and such changes could have an adverse effect on our business, results of operations, financial condition and prospects. Examples of changes that could impact us relate to platform fee charges (i.e., selling commissions), exclusivity, inventory warehouse availability, excluded products and limitations on sales and marketing. Any change, limitation or restriction on our ability to sell on Amazon's platform or any other marketplace, even if temporary, could have a material impact on our business, results of operations, financial condition and prospects.

Orgad also relies on services provided by Amazon's fulfillment platform, including Prime Certification, which provides for expedited shipping to the consumer, an important aspect in the buying decision for consumers. For products that Orgad fulfills itself, Orgad is qualified to offer our products for sale with Prime Certification delivery. Any inability to market our products for sale with expedited delivery provided under Prime Certification could have a material impact on our business, results of operations, financial condition and prospects. Failure to remain compliant with the best fulfillment practices on Amazon's platform could have a material impact on our business, results of operations, financial condition and prospects. In addition, due to the COVID-19 pandemic, Amazon has changed the amount of inventory it accepts per product for a period of time. If this were to continue it could cause us to miss sales and/or pay additional shipping costs which would harm our business operations and financial conditions.

***Orgad's business depends on its ability to build and maintain strong product listings on e-commerce platforms. Orgad may not be able to maintain and enhance our product listings if it receives unfavorable customer complaints, negative publicity or otherwise fails to live up to consumers' expectations, which could materially adversely affect our business, results of operations and growth prospects.***

Maintaining and enhancing Orgad's product listings is critical in expanding and growing its business. However, a significant portion of Orgad's perceived performance to the customer depends on third parties outside of its control, including suppliers and third-party delivery agents as well as online retailers such as Amazon and eBay. Because Orgad's agreements with its online retail partners are generally terminable at will, it may be unable to maintain these relationships, and our results of operations could fluctuate significantly from period to period. Because Orgad relies on third parties to deliver its products, it is subject to shipping delays or disruptions caused by inclement weather, natural disasters, labor activism, health epidemics or bioterrorism. It may also experience shipping delays or disruptions due to other carrier-related issues relating to their own internal operational capabilities. Further, Orgad relies on the business continuity plans of these third parties to operate during pandemics, like the COVID-19 pandemic, and it has limited ability to influence their plans, prevent delays, and/or cost increases due to reduced availability and capacity and increased required safety measures.

Customer complaints or negative publicity about its products, delivery times, or marketing strategies, even if not accurate, especially on blogs, social media websites and third-party market sites, could rapidly and severely diminish consumer view of Orgad's product listings and result in harm to its brand. Customers may also make safety-related or other types of claims regarding products sold through our online retail partners, such as Amazon, which may result in an online retail partner removing the product from its marketplace. We also use and rely on other services from third parties, such as our telecommunications services, and those services may be subject to outages and interruptions that are not within our control.

***Orgad faces risks related to successfully optimizing and operating its fulfillment and customer service operations.***

Failures to adequately predict customer demand or otherwise optimize and operate its fulfillment and customer service operations successfully from time to time result in excess or insufficient fulfillment or customer service capacity, increased costs, and impairment charges, any of which could materially harm our business. As Orgad continues to add fulfillment and customer service capability or add new businesses with different requirements, its fulfillment and customer service operations become increasingly complex and operating them becomes more challenging. There can be no assurance that Orgad will be able to operate our operations effectively.



In addition, failure to optimize inventory in our fulfillment operations increases net shipping cost by requiring long-zone or partial shipments. Orgad may be unable to adequately staff its fulfillment and customer service operations. Orgad's failure to properly handle such inventory or to accurately forecast product demand may result in it being unable to secure sufficient storage space or to optimize its fulfillment operations or cause other unexpected costs and other harm to our business and reputation.

Orgad relies on a limited number of shipping companies to deliver inventory to it and completed orders to our customers. The inability to negotiate acceptable terms with these companies or performance problems or other difficulties experienced by these companies could negatively impact our operating results and customer experience. In addition, Orgad's ability to receive inbound inventory efficiently and ship completed orders to customers also may be negatively affected by natural or man-made disasters, extreme weather, geopolitical events and security issues, labor or trade disputes, and similar events.

***The variability in Orgad's retail business places increased strain on its operations.***

Demand for Orgad's product listings can fluctuate significantly for many reasons, including as a result of seasonality, promotions, product launches, or unforeseeable events, such as in response to natural or man-made disasters, extreme weather, or geopolitical events. For example, Orgad expects a disproportionate amount of our retail sales to occur during our fourth quarter. Failure to stock or restock popular products in sufficient amounts such that Orgad fails to meet customer demand could significantly affect our revenue and our future growth. If too many customers access the websites on which Orgad engages in online retailing within a short period of time due to increased demand, Orgad may experience system interruptions that make the websites unavailable or prevent us from efficiently fulfilling orders, which may reduce the volume of goods its offers or sell and the attractiveness of its products. In addition, Orgad may be unable to adequately staff for fulfillment of orders and customer service during these peak periods and delivery and other fulfillment companies and customer service co-sourcers may be unable to meet the seasonal demand.

***Our business is subject to the risks of earthquakes, fire, power outages, floods, health risks and other catastrophic events, and to interruption by man-made problems such as terrorism.***

Natural disasters, such as fire or floods, a significant power outage, telecommunications failure, terrorism, an armed conflict, cyberattacks, epidemics and pandemics such as COVID-19, or other geo-political unrest could affect our supply chain, manufacturers, logistics providers, channel partners, or end-customers or the economy as a whole and such disruption could impact us and the shipments and sales. These risks may be further increased if the disaster recovery plans for us and our suppliers prove to be inadequate. To the extent that any of the above should result in delays or cancellations of customer orders, the loss of customers, or the delay in the deployment or shipment of products, our business, financial condition, and operating results would be adversely affected.

For example, on January 2, 2023, Orgad experienced a fire at its warehouse in Israel. We are not aware of any casualties or injuries associated with the fire. We shifted Orgad's operation to its headquarters. The value of the inventory that was in the warehouse was approximately \$450,000. We believe that this incident did not affect the future sales results of Orgad for the year of 2023. The inventory was not insured and it is too early to determine the potential impact of this incident on the other parties that were involved in the incident (lessor and others that leased properties near the warehouse).

***Our business could be negatively impacted by unsolicited takeover proposals, by shareholder activism or by proxy contests relating to the election of directors or other matters.***

Our business could be negatively affected as a result of an unsolicited takeover proposal, by shareholder activism or a proxy contest. During 2021, an activist shareholder sought to make changes to our board of directors, among other matters, which ultimately resulted in us entering into a settlement agreement with the activist shareholder and another shareholder, and for which considerable costs were incurred and absorbed significant time and attention by management and the board of directors. A future proxy contest, unsolicited takeover proposal, or other shareholder activism relating to the election of directors or other matters would most likely require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our Board of Directors. The potential of a proxy contest, unsolicited takeover proposal, or other shareholder activism could interfere with our ability to execute our strategic plan, give rise to perceived uncertainties as to our future direction, result in the loss of potential business opportunities or make it more difficult to attract and retain qualified personnel, any of which could materially and adversely affect our business and operating results.

***Environmental, social and corporate governance (ESG) issues, including those related to climate change and sustainability, may have an adverse effect on our business, financial condition and results of operations and damage our reputation.***

There is an increasing focus from certain investors, customers, consumers, employees and other stakeholders concerning ESG matters. Additionally, public interest and legislative pressure related to public companies' ESG practices continue to grow. If our ESG practices fail to meet regulatory requirements or investor, customer, consumer, employee or other shareholders' evolving expectations and standards for responsible corporate citizenship in areas including environmental stewardship, support for local communities, Board of Director and employee diversity, human capital management, employee health and safety practices, product quality, supply chain management, corporate governance and transparency, our reputation, brand and employee retention may be negatively impacted, and our customers and suppliers may be unwilling to continue to do business with us.

Customers, consumers, investors and other shareholders are increasingly focusing on environmental issues, including climate change, energy and water use, plastic waste and other sustainability concerns. Concern over climate change may result in new or increased legal and regulatory requirements to reduce or mitigate impacts to the environment. Changing customer and consumer preferences or increased regulatory requirements may result in increased demands or requirements. Complying with these demands or requirements could cause us to incur additional manufacturing, operating or product development costs.

If we do not adapt to or comply with new regulations, including the SEC's published proposed rules that would require companies to provide significantly expanded climate-related disclosures in their periodic reporting, which may require us to incur significant additional costs to comply and impose increased oversight obligations on our management and board of directors, or fail to meet evolving investor, industry or stakeholder expectations and concerns regarding ESG issues, investors may reconsider their capital investment in our company, we may become subject to penalties, and customers and consumers may choose to stop purchasing our products, if approved for commercialization, which could have a material adverse effect on our reputation, business or financial condition.

***Our business, operating results and growth rates may be adversely affected by current or future unfavorable economic and market conditions and adverse developments with respect to financial institutions and associated liquidity risk.***

Our business depends on the economic health of the global economies. If the conditions in the global economies remain uncertain or continue to be volatile, or if they deteriorate, including as a result of the impact of military conflict, such as the war between Russia and Ukraine, terrorism or other geopolitical events, our business, operating results and financial condition may be materially adversely affected. Economic weakness, inflation and increases in interest rates, limited availability of credit, liquidity shortages and constrained capital spending have at times in the past resulted, and may in the future result, in challenging and delayed sales cycles, slower adoption of new technologies and increased price competition, and could negatively affect our ability to forecast future periods, which could result in an inability to satisfy demand for our products and a loss of market share.

In addition, increases in inflation raise our costs for commodities, labor, materials and services and other costs required to grow and operate our business, and failure to secure these on reasonable terms may adversely impact our financial condition. Additionally, increases in inflation, along with the uncertainties surrounding COVID-19, geopolitical developments and global supply chain disruptions, have caused, and may in the future cause, global economic uncertainty and uncertainty about the interest rate environment, which may make it more difficult, costly or dilutive for us to secure additional financing. A failure to adequately respond to these risks could have a material adverse impact on our financial condition, results of operations or cash flows.

More recently, the closures of SVB and Signature Bank and their placement into receivership with the FDIC created bank-specific and broader financial institution liquidity risk and concerns. Although the Department of the Treasury, the Federal Reserve and the FDIC jointly released a statement that depositors at SVB and Signature Bank would have access to their funds, even those in excess of the standard FDIC insurance limits, under a systemic risk exception, future adverse developments with respect to specific financial institutions or the broader financial services industry may lead to market-wide liquidity shortages, impair the ability of companies to access near-term working capital needs, and create additional market and economic uncertainty. There can be no assurance that future credit and financial market instability and a deterioration in confidence in economic conditions will not occur. Our general business strategy may be adversely affected by any such economic downturn, liquidity shortages, volatile business environment or continued unpredictable and unstable market conditions. If the current equity and credit markets deteriorate, or if adverse developments are experienced by financial institutions, it may cause short-term liquidity risk and also make any necessary debt or equity financing more difficult, more costly, more onerous with respect to financial and operating covenants and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance and stock price and could require us to alter our operating plans. In addition, there is a risk that one or more of our service providers, financial institutions, manufacturers, suppliers and other partners may be adversely affected by the foregoing risks, which could directly affect our ability to attain our operating goals on schedule and on budget.

***Our business may be adversely affected by the impact of any renewed outbreak of the COVID-19 pandemic.***

Public health epidemics or outbreaks could adversely impact our business. 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 worldwide. Many countries around the world, including in Israel, implemented significant governmental measures 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 historically resulted in work stoppages and other disruptions. If there is a resurgence of the COVID-19 pandemic, this could adversely impact our operations, including among others, our sales and marketing efforts and our ability to raise additional funds, and accordingly, the impact of COVID-19 could have an adverse impact on our business and our financial results.

### **Risks Related to Our Operations in Russia**

#### ***Russia's invasion of Ukraine and sanctions brought against Russia could disrupt our 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 and we engage two software developers through a third party who are based in Ukraine. On February 24, 2022, Russia invaded Ukraine. The outbreak of hostilities between the two countries could result in more widespread conflict and could have a severe adverse effect on the region. Following Russia's actions, various countries, including the U.S., Canada, the United Kingdom, Germany and France, as well as the European Union, issued broad-ranging economic sanctions against Russia. Such sanctions included, among other things, a prohibition on doing business with certain Russian companies, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (SWIFT) electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. In response to sanctions, the Russian Central Bank raised its interest rates and banned sales of local securities by foreigners. Russia may take additional counter measures or retaliatory actions in the future. While diplomatic efforts have been ongoing, the conflict between Russia and Ukraine is currently unpredictable and has the potential to result in broadened military actions. The duration of ongoing hostilities and such sanctions and related events cannot be predicted. Uncertainty as to future relations between Russia and the U.S. and other countries in the west, or between Russia and other eastern European countries, may have a negative impact on our operations.

Such international sanctions and potential responses to such sanctions, including those that may limit or restrict transfer funds into Russia, may in the future significantly affect our ability to conduct our activities in Russia including paying our personnel. To date, the conflict has had minimal impact on operations. Nevertheless, we have no way to predict the progress or outcome of the situation in Ukraine, as the conflict and governmental reactions are rapidly developing and beyond our control. Prolonged unrest, intensified military activities or more extensive sanctions impacting the region could have a material adverse effect on our operations, results of operations, financial condition, liquidity and business outlook.

#### ***Political, military conditions or other risks in Russia could adversely affect our business.***

Russia is a federative state consisting of 85 constituent entities, or "subjects." The Russian Constitution reserves some governmental powers for the Russian Government, some for the subjects and some for areas of joint competence. In addition, eight "federal districts" ("federal'nye okruga"), which are overseen by a plenipotentiary representative of the President, supplement the country's federal system. The delineation of authority among and within the subjects is, in many instances, unclear and contested, particularly with respect to the division of tax revenues and authority over regulatory matters. For these reasons, the Russian political system is vulnerable to tension and conflict between federal, subject and local authorities. This tension creates uncertainties in the operating environment in Russia, which may prevent us from carrying out our strategy effectively. The risks associated with these events or potential events could materially and adversely affect the investment environment and overall consumer and entrepreneurial confidence in Russia, and our business, prospects, financial condition, hiring ability, and results of operations could be materially and adversely affected.

Furthermore, high levels of corruption reportedly exist in Russia, including the bribing of officials for the purpose of initiating investigations by government agencies. Corruption and other illegal activities could disrupt our ability to conduct our business effectively, and claims that we are involved in such corruption or illegal activities could generate negative publicity, of which could harm our development, financial condition, results of operations or prospects.

#### ***Economic and other risks in Russia could adversely affect our business.***

Operating a business in an emerging market such as Russia can involve a greater degree of risk than operating a business in more developed markets.

Over the last two decades, the Russian economy has experienced or continues to experience at various times:

- significant volatility in its GDP;

- the impact of international sanctions;
- high levels of inflation;
- increases in, or high, interest rates;
- sudden price declines in oil and other natural resources;
- instability in the local currency market;
- budget deficits;
- the continued operation of loss-making enterprises due to the lack of effective bankruptcy proceedings;
- capital flight; and
- significant increases in poverty rates, unemployment and underemployment.

The Russian economy has been subject to abrupt downturns in the past, including as a result of the invasion of Ukraine, global financial crisis, and, as an emerging market, remains particularly vulnerable to further external shocks and any future fluctuations in the global markets. Any further deterioration in the general economic conditions in Russia (whether or not as a result of the events mentioned above) could have a material adverse effect on the Russian economy and may result in hiring and operational difficulties, as well as potential flight of human capital, which could have a material adverse effect on our business, product development and results of operations.

***Legal risks in Russia could materially adversely affect our operations and Russian tax legislation is subject to frequent change.***

Among the risks of the Russian legal system are: inconsistencies among laws, presidential decrees, and government and ministerial orders and resolutions; conflicting local, regional and federal laws and regulations; the untested nature of the independence of the judiciary and its sensitivity to economic or political influences; substantial gaps in the regulatory structure due to the delay or absence of implementing legislation; a high degree of discretion on the part of governmental authorities; reported corruption within governmental entities and other governmental authorities; the relative inexperience of judges and courts in interpreting laws applicable to complex transactions; and the unpredictability of enforcement of foreign judgments and foreign arbitral awards. Many Russian laws and regulations are construed in a way that provides for significant administrative discretion in application and enforcement. Unlawful, selective or arbitrary actions of the Russian Government have reportedly included the denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions, and civil claims. Any of the above events may have a material adverse effect on our product development and results of operations.

Despite certain improvements in the taxation system made by the Russian Government over the past decade, Russian tax legislation is still subject to frequent change, varying interpretations, and inconsistent and selective enforcement. There are currently no clear rules for distinguishing between lawful tax optimization and tax evasion. In addition, Russian tax laws do not contain detailed rules on the taxation in Russia of foreign companies. As such, taxpayers often have to resort to court proceedings to defend their position against the Russian tax authorities. However, in the absence of consistent court practice or binding precedents, there is inconsistency amongst court decisions. Further, the possibility exists that the Russian Federation would impose arbitrary or onerous taxes and penalties in the future, which could have a material adverse effect on our product development and results of operations.

### **Risks Related to Our Operations In Israel**

***Our headquarters and most of our operations are located in Israel, and therefore, political conditions in Israel may affect our operations and results.***

Our headquarters and most of our operations are located in central Israel and our key employees, officers and directors are residents of Israel. Accordingly, political, economic and military conditions in Israel and the surrounding region may directly affect our business. Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. Any hostilities involving Israel or the interruption or curtailment of trade within Israel or between Israel and its trading partners could adversely affect our operations and results of operations and could make it more difficult for us to raise capital. During the winter of 2008, winter of 2012 and the summer of 2014, Israel was engaged in an armed conflict with Hamas, a militia group and political party operating in the Gaza Strip, and during the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. Israel faces political tension with respect to its relationships with Turkey, Iran and certain Arab neighbor countries. In addition, recent conflicts involved missile strikes against civilian targets in various parts of Israel, and negatively affected business conditions in Israel. Recent political uprisings and social unrest in various countries in the Middle East and North Africa are affecting the political stability of those countries. This instability may lead to deterioration of the political relationships that exist between Israel and these countries, and have raised concerns regarding security in the region and the potential for armed conflict. Any armed conflicts, terrorist activities or political instability in the region could adversely affect business conditions and could harm our results of operations. For example, any major escalation in hostilities in the region could result in a portion of our employees and service providers being called up to perform military duty for an extended period of time. Parties with whom we do business have sometimes declined to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. Any future deterioration in the political and security situation in Israel will negatively impact our business.

Our commercial insurance does not cover losses that may occur as a result of events associated with the security situation in the Middle East. Although the Israeli government currently covers the reinstatement value of direct damages that are caused by terrorist attacks or acts of war, we cannot assure you that this government coverage will be maintained. Any losses or damages incurred by us could have a material adverse effect on our business. Any armed conflicts or political instability in the region would likely negatively affect business conditions and could harm our results of operations.

Further, in the past, the State of Israel and Israeli companies have been subjected to an economic boycott. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition or the expansion of our business.

The legislative power of the State resides in the Knesset, a unicameral parliament that consists of 120 members elected by nationwide voting under a system of proportional representation. Israel's most recent general elections were held on April 9, 2019, September 17, 2019, March 2, 2020 and November 1, 2022. The uncertainty surrounding the results of the recent elections may continue. Actual or perceived political instability in Israel or any negative changes in the political environment, may individually or in the aggregate adversely affect the Israeli economy and, in turn, our business, financial condition, results of operations and prospects.

***Some of our employees are obligated to perform military reserve duty in Israel.***

Many Israeli citizens, including our employees are obligated to perform one month, and in some cases more, of annual military reserve duty until they reach the age of 40 (or older, for reservists with certain occupations) and, in the event of a military conflict, may be called to active duty. In response to increases in terrorist activity, there have been periods of significant call-ups of military reservists. It is possible that there will be military reserve duty call-ups in the future. Our operations could be disrupted by such call-ups. Such disruption could materially adversely affect our business, results of operations and financial condition.

***It may be difficult to enforce a non-Israeli judgment against the Company or its officers and directors.***

The operating subsidiary of ours is incorporated in Israel. All of our executive officers and directors are not residents of the United States, and a substantial portion of our assets and the assets of our executive officers and directors are located outside the United States. Therefore, a judgment obtained against us, or any of these persons, including a judgment based on the civil liability provisions of the U.S. federal securities laws, may not be collectible in the United States and may not necessarily be enforced by an Israeli court. It also may be difficult to affect service of process on these persons in the United States or to assert U.S. securities law claims in original actions instituted in Israel. Additionally, it may be difficult for an investor, or any other person or entity, to initiate an action with respect to U.S. securities laws in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israel is not the most appropriate forum in which to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law often involves the testimony of expert witnesses, which can be a time consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel that addresses the matters described above. As a result of the difficulty associated with enforcing a judgment against us in Israel, it may be impossible to collect any damages awarded by either a U.S. or foreign court.

***Our international operations could expose us to additional risks, including exchange rate fluctuations, legal regulations and political or economic instability that could harm our business and operating results.***

Our international operations expose us to the following risks which may have a material adverse effect on our business and operating results:

- devaluations and fluctuations in currency exchange rates including fluctuations between the U.S. dollar and the NIS and the Russian Ruble;
- costs of compliance with local laws, including labor laws and intellectual property laws;
- compliance with domestic and foreign government policies, including compliance with Israeli securities laws and TASE;
- changes in trade regulations and procedures affecting approval, production, pricing, marketing, reimbursement for and access to, our products;
- compliance with applicable foreign anti-corruption laws, anti-trust/competition laws, anti-Boycott Israel law and anti-money laundering laws; and
- economic and geopolitical developments and conditions, including ongoing instability in global economies and financial markets, international hostilities, acts of terrorism and governmental reactions, inflation, outbreaks of contagious disease (e.g., the COVID-19 pandemic) and military and political alliances.

**Risks Related to Our Common Stock**

***A more active, liquid trading market for our common stock may not develop, and the price of our common stock may fluctuate significantly.***

Although our common stock is listed on the Nasdaq Capital Market, it has only been traded on the Nasdaq Capital Market since July 25, 2016. There has been relatively limited trading volume in the market for our common stock, and a more active, liquid public trading market may not develop or may not be sustained. Limited liquidity in the trading market for our common stock may adversely affect a stockholder's ability to sell its shares of common stock at the time it wishes to sell them or at a price that it considers acceptable. If a more active, liquid public trading market does not develop, we may be limited in our ability to raise capital by selling shares of common stock and our ability to acquire other companies or assets by using shares of our common stock as consideration. In addition, if there is a thin trading market or "float" for our stock, the market price for our common stock may fluctuate significantly more than the stock market as a whole. Without a large float, our common stock would be less liquid than the stock of companies with broader public ownership and, as a result, the trading prices of our common stock may be more volatile and it would be harder for you to liquidate any investment in our common stock. Furthermore, the stock market is subject to significant price and volume fluctuations, and the price of our common stock could fluctuate widely in response to several factors, including:

- our quarterly or annual operating results;
- changes in our earnings estimates;
- investment recommendations by securities analysts following our business or our industry;
- additions or departures of key personnel;
- changes in the business, earnings estimates or market perceptions of our competitors;

- our failure to achieve operating results consistent with securities analysts' projections;
- changes in industry, general market or economic conditions;
- announcements of legislative or regulatory changes; and
- natural disasters (including for example, the recent fire in the Orgad warehouse) and political and economic instability, including wars, terrorism, political unrest, results of certain elections and votes, emergence of a pandemic, or other widespread health emergencies (or concerns over the possibility of such an emergency, including for example, the recent the COVID-19 pandemic), boycotts, adoption or expansion of government trade restrictions, and other business restrictions.

The stock market has experienced extreme price and volume fluctuations in recent years that have significantly affected the quoted prices of the securities of many companies. The changes often appear to occur without regard to specific operating performance. The price of our common stock could fluctuate based upon factors that have little or nothing to do with us and these fluctuations could materially reduce our stock price.

***Sales by our stockholders of a substantial number of shares of our common stock in the public market could adversely affect the market price of our common stock.***

If any of our shareholders were to decide to sell large amounts of stock over a short period of time (presuming such sales were permitted) such sales could cause the market price of our common stock to drop significantly, even if our business is doing well. Further, the market price of our common stock could decline as a result of the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and price that we deem appropriate.

***Our securities are traded on more than one market which may result in price variations.***

Our securities have been trading on the Nasdaq Capital Market since July 2016 and on TASE since September 2005. Trading in our securities on such exchanges occurs in different currencies (U.S. dollars on the Nasdaq Capital Market and NIS on the TASE), and at different times (due to different time zones, trading days and public holidays in the United States and Israel). The trading prices of our securities on the two exchanges may differ due to the foregoing and other factors. Any decrease in the price of our shares on the TASE could cause a decrease in the trading price of our shares on the Nasdaq Capital Market and vice versa.

***We are a smaller reporting company and, as a result of the reduced disclosure and governance requirements applicable to such companies, our common stock may be less attractive to investors.***

We are a smaller reporting company, (i.e. a company with "public float" held by non-affiliates with a market value of less than \$250 million) and we are eligible to take advantage of certain exemptions from various reporting requirements applicable to other public companies. We have elected to adopt these reduced disclosure requirements. We cannot predict if investors will find our common stock less attractive as a result of our taking advantage of these exemptions. If some investors find our common stock less attractive as a result of our choices, there may be a less active trading market for our common stock and our stock price may be more volatile.

***We do not expect to pay any cash dividends in the foreseeable future.***

We have never declared or paid cash dividends on our common stock. We intend to retain our future earnings, if any, in order to reinvest in the development and growth of our business and, therefore, do not intend to pay dividends on our common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements, and such other factors as our board of directors deems relevant. Investors should not purchase our common stock expecting to receive cash dividends. Because we do not pay dividends, and there may be limited trading, investors may not have any manner to liquidate or receive any payment on their investment. Therefore, our failure to pay dividends may cause investors to not see any return on investment even if we are successful in our business operations. In addition, because we do not pay dividends we may have trouble raising additional funds, which could affect our ability to expand our business operations.

***We can sell additional shares of common stock without consulting stockholders and without offering shares to existing stockholders, which would result in dilution of shareholders' interests in the company and could depress our stock price.***

Our Certificate of Incorporation currently authorizes 250,000,000 shares of common stock, of which 2,446,780 are currently outstanding as of March 31, 2023 and our board of directors is authorized to issue additional shares of our common stock. Although our board of directors intends to utilize its reasonable business judgment to fulfil its fiduciary obligations to our then existing stockholders in connection with any future issuance of our capital stock, the future issuance of additional shares of our capital stock could cause immediate, and potentially substantial, dilution to our existing stockholders, which could also have a material effect on the market value of the shares. Further, other than certain participation rights that we have granted in a past offering, our shares do not have preemptive rights, which means we can sell shares of our capital stock to other persons without offering purchasers in this offering the right to purchase their proportionate share of such offered shares. Therefore, any additional sales of stock by us could dilute your ownership interest in our Company.

***Our quarterly operating results may fluctuate significantly.***

We expect our operating results to be subject to quarterly fluctuations. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expenses related to our research and development;
- any lawsuits in which we may become involved;
- regulatory developments affecting our products; and
- our execution of any collaborative, licensing or sales agreements, and the timing of payments under these arrangements.

If our quarterly operating results fall below the expectations of investors or securities analysts, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our common stock to fluctuate substantially.

***If we fail to comply with the rules under the Sarbanes Oxley Act of 2002 related to accounting controls and procedures or if we discover material weaknesses and deficiencies in our internal control and accounting procedures, our stock price could decline significantly and raising capital could be more difficult.***

If we fail to comply with the rules under the Sarbanes-Oxley Act of 2002 related to disclosure controls and procedures, or, if we discover material weaknesses and other deficiencies in our internal control and accounting procedures, our stock price could decline significantly and raising capital could be more difficult. Section 404 of the Sarbanes-Oxley Act requires annual management assessments of the effectiveness of our internal control over financial reporting and, if we are no longer a non-accelerated filer, a report by our independent auditors addressing these assessments. If material weaknesses or significant deficiencies are discovered or if we otherwise fail to achieve and maintain the adequacy of our internal control, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock could drop significantly.



***Our Certificate of Incorporation, Bylaws and Delaware law may have anti-takeover effects that could discourage, delay or prevent a change in control, which may cause our stock price to decline.***

Our Certificate of Incorporation, Bylaws and Delaware law could make it more difficult for a third-party to acquire us, even if closing such a transaction would be beneficial to our stockholders. Provisions of our Certificate of Incorporation, Bylaws and Delaware law also could have the effect of discouraging potential acquisition proposals or making a tender offer or delaying or preventing a change in control, including changes a stockholder might consider favorable. Such provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. In particular, the Certificate of Incorporation, Bylaws and Delaware law, as applicable, among other things:

- provide the board of directors with the ability to alter the Bylaws without stockholder approval;
- the classification of our board of directors;
- place limitations on the removal of directors;
- provide that vacancies on the Board of Directors may be filled by a majority of directors in office, although less than a quorum;
- require that stockholder actions must be affected at a duly called stockholder meeting and generally prohibiting stockholder actions by written consent;
- eliminate the ability of stockholders to call a special meeting of stockholders; and
- establish advance notice requirements for nominations for election to the Board of Directors or for proposing matters that can be acted upon at duly called stockholder meetings.

We are subject to Section 203 of the Delaware General Corporation Law which, subject to certain exceptions, prohibits “business combinations” between a publicly-held Delaware corporation and an “interested stockholder,” which is generally defined as a stockholder who becomes a beneficial owner of 15% or more of a Delaware corporation’s voting stock for a three-year period following the date that such stockholder became an interested stockholder. These provisions are expected to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to first negotiate with our board. These provisions may delay or prevent someone from acquiring or merging with us, which may cause the market price of our common stock and the value of our securities to decline.

***If we fail to comply with the continued listing requirements of the Nasdaq Capital Market, our common stock may be delisted and the price of our common stock and our ability to access the capital markets could be negatively impacted.***

Nasdaq has established certain standards for the continued listing of a security on the Nasdaq Capital Market. The standards for continued listing include, among other things, that the minimum bid price for the listed securities not fall below \$1.00 per share for a period of 30 consecutive trading days and that we maintain a minimum of \$2,500,000 in shareholders’ equity. We have in the past fallen below the minimum bid price and minimum shareholders’ equity.

No assurance can be given that we will continue to be in compliance with the Rule. Failure to meet applicable Nasdaq continued listing standards could result in a delisting of our common stock. A delisting of our common stock from Nasdaq could materially reduce the liquidity of our common stock and result in a corresponding material reduction in the price of our common stock. In addition, delisting could harm our ability to raise capital through alternative financing sources on terms acceptable to us, or at all, and may result in the potential loss of confidence by investors, employees and fewer business development opportunities.

***The exercise of outstanding warrants and stock options will have a dilutive effect on the percentage ownership of our capital stock by existing stockholders.***

As of March 15, 2023, we had outstanding warrants to acquire 2,299,115 shares of our common stock and stock options to purchase 1,659 shares of our common stock, which warrants and options are exercisable for prices ranging between \$2.81 and \$375. The expiration of the term of such options and warrants range from 0.22 years to 4.83 years. If a significant number of such warrants and stock options are exercised by the holders, the percentage of our common stock owned by our existing stockholders will be diluted.

***Were our common stock to become subject to the penny stock rules then this could result in U.S. broker-dealers becoming discouraged from effecting transactions in shares of our common stock.***

Rule 15c-9 under the Exchange Act establishes the definition of a “penny stock,” for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. If we do not retain a listing on the Nasdaq Capital Market or do not meet certain net tangible asset or average revenue requirements and if the price of our common stock is less than \$5.00, our common stock will be deemed a penny stock. For any transaction involving a penny stock, unless exempt, the rules require: (a) that a broker or dealer approve a person’s account for transactions in penny stocks; and (b) the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person’s account for transactions in penny stocks, the broker or dealer must: (a) obtain financial information and investment experience objectives of the person and (b) make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks. The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which: (a) sets forth the basis on which the broker or dealer made the suitability determination; and (b) confirms that the broker or dealer received a signed, written agreement from the investor prior to the transaction. Generally, brokers may be less willing to execute transactions in securities subject to the “penny stock” rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our common stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker or dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

***Sales of our currently issued and outstanding stock may become freely tradable pursuant to Rule 144 and may dilute the market for your shares and have a depressive effect on the price of the shares of our common stock.***

A portion of our outstanding shares of common stock are “restricted securities” within the meaning of Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. As restricted shares, these shares may be resold only pursuant to an effective registration statement or under the requirements of Rule 144 or other applicable exemptions from registration under the Securities Act and as required under applicable state securities laws. Rule 144 provides in essence that an affiliate (as such term is defined in Rule 144(a)(1)) of an issuer who has held restricted securities for a period of at least six months (one year after filing Form 10 information with the SEC for shell companies and former shell companies) may, under certain conditions, sell every three months, in brokerage transactions, a number of shares that does not exceed the greater of 1% of a company’s outstanding shares of common stock or the average weekly trading volume during the four calendar weeks prior to the sale (the four calendar week rule does not apply to companies quoted on the OTC Markets). Rule 144 also permits, under certain circumstances, the sale of securities, without any limitation, by a person who is not an Affiliate of the Company and who has satisfied a one-year holding period. A sale under Rule 144 or under any other exemption from the Securities Act, if available, or pursuant to subsequent registrations of our shares of common stock, may have a depressive effect upon the price of our shares of common stock in any active market that may develop.

***We are a former “shell company” and as such are subject to certain limitations not applicable to other public companies generally.***

Prior to our suspension of reporting in 2012, we were a public reporting “shell company,” as defined in Rule 12b-2 under the Exchange Act. Although we are no longer a “shell company,” we are subject to certain restrictions under the Securities Act for the resale of securities issued by issuers that have been at any time previously a shell company. Specifically, the Rule 144 safe harbor available for the resale of our restricted securities is only available to our stockholders if we have filed all reports and other materials required to be filed by Section 13 or 15(d) of the Securities and Exchange Act of 1934, as amended, or the Exchange Act, as applicable, during the preceding twelve months, other than current reports on Form 8-K, at the time of the proposed sale, regardless of whether the restricted securities were initially issued at the time we were a shell company or subsequent to termination of such status. Accordingly, holders of our “restricted securities” within the meaning of Rule 144 will be subject to the conditions set forth in Rule 144 with respect to our company. Other reporting companies that are not former shell companies and have been reporting for more than twelve months are not subject to this same reporting threshold for non-affiliate reliance on Rule 144. Accordingly, any restricted securities we have sold or sell in the future or issue to consultants or employees, in consideration for services rendered or for any other purpose, may not be resold unless such securities are registered with the SEC or the requirements of Rule 144 have been satisfied. As a result, it may be harder for us to fund our operations and pay our employees and consultants with our securities instead of cash. Furthermore, it may be harder for us to raise funding through the sale of debt or equity securities unless we agree to register such securities with the SEC, which could cause us to expend additional resources in the future. Our prior status as a “shell company” could prevent us in the future from raising additional funds, engaging employees and consultants, and using our securities to pay for any acquisitions, which could cause the value of our securities, if any, to decline in value or become worthless.

#### **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

#### **ITEM 2. PROPERTIES**

We currently lease 1,660 square feet of office space at 4 HaYarden Street, Airport City, Israel. The lease term is for 36 months beginning on August 20, 2019 and ending on August 20, 2022, with an option to extend for an additional 36 months. Monthly rent payments, including utilities, amount to approximately \$14,000 per month. We extended the lease period until August 20, 2025.

#### **ITEM 3. 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, 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 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. 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 September 12, 2022, the Court issued its Decision and Order denying the Company's motion to reargue. North Empire filed its opposing brief on December 7, 2022. Both sides were given an opportunity to file a reply brief. We filed our reply brief on January 4, 2023 and North Empire filed its reply brief on January 13, 2023. Oral argument was held before the Appellate Court on February 7, 2023. On or about February 28, 2023, the Appellate Court filed its Decision and Order, which affirmed the lower court's decisions regarding both My Size and North Empire's motions for summary judgment and sent the case back to the Supreme Court. On or about March 13, 2023, the Supreme Court referred the case to its Alternative Dispute Program and ordered the cases to mediate. A date for the mediation has not yet been set. We intend to vigorously defend any claims made by North Empire. We believe it is more likely than not that the counterclaims will be denied.

#### **ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### Market Information

Our stock currently is listed on the Tel Aviv Stock Exchange and the Nasdaq Capital Market under the symbol "MYSZ". Our stock has been traded on the Nasdaq Capital Market since July 25, 2016.

#### Holders

As of March 31, 2023, we had 70 shareholders of record. The actual number of stockholders is greater than this number of record holders and includes stockholders who are beneficial owners but whose shares are held in street name by brokers and other nominees.

#### Dividend Policy

We have never declared or paid cash dividends on our common stock. We intend to retain our future earnings, if any, in order to reinvest in the development and growth of our business and, therefore, do not intend to pay dividends on our common stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements, and such other factors as our Board of Directors deems relevant.

#### Securities Authorized for Issuance under Equity Compensation Plans

Information about our equity compensation plans is incorporated herein by reference to "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters", of this Annual Report on Form 10-K.

#### Recent Sales of Unregistered Securities

None.

### ITEM 6. SELECTED FINANCIAL DATA

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide this information.

### ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULT OF OPERATIONS

*You should read the following discussion along with our financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions, including those discussed under "Risk Factors." Our actual results, performance and achievements may differ materially from those expressed in, or implied by, these forward-looking statements.*

#### Overview

MySize is an omnichannel e-commerce platform and provider of AI-driven apparel sizing and digital experience solutions that drive revenue growth and reduce costs for our business clients for online shopping and physical stores.

Our flagship innovative tech products, MySizeID, enables shoppers to generate highly accurate measurements of their body to find the accurate fitting apparel by using our application on their mobile device or through MySizeID Widget: a simple questionnaire which was uses a database collected over the years.

MySizeID synchronizes the user's measurement data to a sizing chart integrated through a retailer's (or a white labeled) mobile application, and only presents items available for purchase that match their measurements to ensure a correct fit.

MySize is positioning itself as a consolidator of sizing solutions and new digital experience due to new developments for the fashion industry needs. Our other product offerings include First Look Smart Mirror for physical stores and Smart Catalog to empowering brand design teams, which are designed to increase end consumer satisfaction, contributing to a sustainable world and reduce operation costs.

#### **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.

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 111,682 shares, or the Orgad Equity Consideration, of 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) 55,801 shares were issued at closing, and (ii) 55,801 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.

#### **Naiz Acquisition**

On October 7, 2022, we entered into a Share Purchase Agreement, or the Naiz Agreement, with Borja Cembrero Saralegui, or Borja, Aritz Torre Garcia, or Aritz, Whitehole, S.L., or Whitehole, Twinbel, S.L., or Twinbel and EGI Acceleration, S.L., or EGI. Each of Borja, Aritz, Whitehole, Twinbel and EGI shall be referred to as the Naiz Sellers herein. Pursuant to the Naiz Agreement, the Naiz Sellers agreed to sell to My Size all of the issued and outstanding equity of Naiz Bespoke Technologies, S.L., or Naiz, a limited liability company incorporated under the laws of Spain. The acquisition of Naiz was completed on October 11, 2022.

In consideration of the purchase of the shares of Naiz, the Naiz Agreement provided that the Naiz Sellers are entitled to receive (i) an aggregate of 240,000 shares, or the Naiz Equity Consideration, of My Size common stock, or the Shares, representing in the aggregate, immediately prior to the issuance of such shares at the closing of the transaction, not more than 19.9% of the issued and outstanding Shares and (ii) up to \$2,050,000 in cash, the Naiz Cash Consideration.

The Naiz Equity Consideration was issued to the Naiz Sellers at closing of the transaction of which 2,365,800 shares of My Size common stock were issued to Whitehole constituting 6.6% of our outstanding shares following such issuance. The Naiz Agreement also provides that, in the event that the actual value of the Naiz Equity Consideration (based on the average closing price of the Shares on the Nasdaq Capital Market over the 10 trading days prior to the closing of the transaction, or the Equity Value Averaging Period) is less than \$1,650,000, My Size shall make an additional cash payment, or the Shortfall Value to the Naiz Sellers within 45 days of our receipt of Naiz's 2025 audited financial statements; provided that certain revenue targets are met. Following the Equity Value Averaging Period, it was determined that the Shortfall Value is \$459,240.

The Naiz Cash Consideration is payable to the Naiz Sellers in five installments, according to the following payment schedule: (i) US\$500,000 at closing, (ii) up to US\$500,000 within 45 days of My Size's receipt of Naiz's 2022 audited financial statements, (iii) up to US\$350,000 within 45 days of My Size's receipt of Naiz's unaudited financial statements for the six months ended June 30, 2023, (iv) up to \$350,000 within 45 days of My Size's receipt of Naiz's unaudited financial statements for the six months ended December 31, 2023, and (v) up to \$350,000 within 45 days of My Size's receipt of Naiz's 2024 audited financial statements; provided that in the case of the second, third, fourth and fifth installments certain revenue targets are met.

The payment of the second, third, fourth and fifth cash installments are further subject to the continuing employment or involvement of Borja and Aritz, or the Key Persons, by or with Naiz at the date such payment is due (except if a Key Person is terminated from Naiz due to a Good Reason (as defined in the Naiz Agreement)).

The Naiz Agreement contains customary representations, warranties and indemnification provisions. In addition, the Naiz Sellers are subject to non-competition and non-solicitation provisions pursuant to which they agree not to engage in competitive activities with respect to My Size's business.

In connection with the Naiz Agreement, (i) each of the Naiz Sellers entered into six-months lock-up agreements, or the Lock-Up Agreement, with My Size, (ii) Whitehole, Twinbel and EGI entered into a voting agreement, or the Voting Agreement, with My Size and (iii) each of the Key Persons entered into employment agreements and services agreements with Naiz.

The Lock-Up Agreement provides that each Naiz Seller will not, for the six-months period following the closing of the transaction, (i) offer, pledge, sell, contract to sell, sell any option, warrant or contract to purchase, purchase any option, warrant or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares in each case, that are currently or hereafter owned of record or beneficially (including holding as a custodian) by such Naiz Seller, or publicly disclose the intention to make any such offer, sale, pledge, grant, transfer or disposition; or (ii) enter into any swap, short sale, hedge or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of such Naiz Seller's Shares regardless of whether any such transaction described in clause (i) or this clause (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise. The Lock-Up Agreement also contains an additional three-months "dribble-out" provision that provides following the expiration of the initial six-months lock-up period, without My Size's prior written consent (which My Size shall be permitted to withhold at its sole discretion), each Naiz Seller shall not sell, dispose of or otherwise transfer on any given day a number of Shares representing more than the average daily trading volume of the Shares for the rolling 30 day trading period prior to the date on which such Seller executes a trade of the Shares.

The Voting Agreement provides that the voting of any Shares held by each of Whitehole, Twinbel and EGI, or the Naiz Acquisition Stockholders, will be exercised exclusively by a proxy designated by My Size's board of directors from time to time, or the Proxy, and that each Naiz Acquisition Stockholder will irrevocably designate and appoint the then-current Proxy as its sole and exclusive attorney-in-fact and proxy to vote and exercise all voting right with respect to the Shares held by each Naiz Acquisition Stockholder. The Voting Agreement also provides that, if the voting power held by the Proxy, taking into account the proxies granted by the Naiz Acquisition Stockholders and the Shares owned by the Proxy, represents 20% or more of the voting power of My Size's stockholders that will vote on an item, or the Voting Power, then the Proxy shall vote such number of Shares in excess of 19.9% of the Voting Power in the same proportion as the Shares that are voted by My Size's other stockholders. The Voting Agreement will terminate on the earliest to occur of (i) such time that such Naiz Acquisition Stockholder no longer owns the Shares, (ii) the sale of all or substantially all of the assets of My Size or the consolidation or merger of My Size with or into any other business entity pursuant to which stockholders of My Size prior to such consolidation or merger hold less than 50% of the voting equity of the surviving or resulting entity, (iii) the liquidation, dissolution or winding up of the business operations of My Size, and (iv) the filing or consent to filing of any bankruptcy, insolvency or reorganization case or proceeding involving My Size or otherwise seeking any relief under any laws relating to relief from debts or protection of debtors.

## Operations in Russia

In addition to our Israel operations, we had 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, mainly due to the invasion of Ukraine by Russia and the ongoing sanctions we stopped most of our efforts in Russia and will probably close the subsidiary in the near future.

## Results of Operations

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

	Year ended December 31	
	2022	2021
	(dollars in thousands)	
Revenues	4,459	131
Cost of revenues	(3,825)	-
Gross profit	634	131
Research and development expenses	\$ (1,701)	\$ (4,248)
Sales and marketing	(3,143)	(2,336)
General and administrative	(3,900)	(4,124)
Operating loss	(8,110)	(10,577)
Financial income (expenses), net	(236)	57
Tax income	36	-
Net loss	\$ (8,310)	\$ (10,520)

## Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

### Revenues

From inception through December 31, 2018, we did not generate any revenue from operations and we continue to expect to incur additional losses to perform further research and development activities. We started to generate revenues only in 2019. Our revenues for the year ended December 31, 2022 amounted to \$4,459,000 compared to \$131,000 for year ended December 31, 2021. The increase from the corresponding period primarily attributable to \$4,132,000 in revenue generated from Orgad from February 7, 2022, the date of closing of the Orgad acquisition, or the Acquisition Date and revenue generated from the Naiz Acquisition from October 11, 2022, the date of closing of the Naiz acquisition.

In addition, the increase from the corresponding period results from an increase in revenues generated by My Size.

### Cost Of Revenues

Our cost of revenues expenses for the year ended December 31, 2022 amounted to \$3,825,000, compared to none for the year ended December 31, 2021. The cost of revenues includes cash and equity liabilities expenses in the amount of \$194,000. 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 year ended December 31, 2022 amounted to \$1,701,000 a decrease of \$2,547,000, or approximately 60.0%, compared to \$4,248,000 for the year ended December 31, 2021. The decrease 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 the Amendment to Purchase Agreement dated May 26, 2021.

### Sales and Marketing Expenses

Our sales and marketing expenses for the year ended December 31, 2022 amounted to \$3,143,000 an increase of \$807,000, or 34.55%, compared to \$2,336,000 for the year ended December 31, 2021. The increase primarily resulted from an increase in employees expenses mainly due to Orgad and Naiz acquisitions, increase in Amazon fees, increase in cash and equity liabilities expenses attributed to the Orgad acquisition and an increase in share based payments offset by a decrease in payments to consultants.



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

Our general and administrative expenses for the year ended December 31, 2022 amounted to \$3,900,000, a decrease of \$224,000, or 5.43%, compared to \$4,124,000 for the year ended December 31, 2021. The decrease compared to the corresponding period was mainly due to a decrease in professional expenses, mainly attributed to shareholder activism including settlement expenses with the Lazar Parties offset by an increase in shared-based payments and an increase in employees expenses mainly due to the Orgad and Naiz acquisitions.

### ***Operating Loss***

As a result of the foregoing, for the year ended December 31, 2022, our operating loss was \$8,110,000, a decrease of \$2,467,000 or 23.32%, compared to our operating loss for the year ended December 31, 2021 of \$10,577,000.

### ***Financial Income, Net***

Our financial (expense) income, net for the year ended December 31, 2022 amounted to \$236,000 compared to financial income, \$57,000 for the year ended December 31, 2021. In 2022, we had financial expenses exchange rate differences offset by an income from fair value revaluation of investment in marketable securities whereas in 2021 we had financial income from the fair value revaluation of warrants offset by expenses from exchange rate differences and expenses from fair value revaluation of investment in marketable securities.

### ***Net Loss***

As a result of the foregoing, our net loss for the year ended December 31, 2022 was \$8,310,000 compared to net loss of \$10,520,000 for the year ended December 31, 2021. The decrease in net loss was mainly due increase in sales and marketing expenses and financial expenses as opposed to financial income in the corresponding period offset by a decrease in research and development expenses in amount of \$2,618,000 attributed to the share issuance to Shoshana Zigdon under the Amendment to Purchase Agreement dated May 26, 2021.

### ***Liquidity and Capital Resources***

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

As of December 31, 2022, we had cash, cash equivalents and restricted cash of \$2,363,000 compared to \$10,943,000 cash, cash equivalents, restricted cash as of December 31, 2021. During January 2023, we completed a registered direct and concurrent private placement offering resulting in gross proceeds of approximately \$3 million. This decrease primarily resulted from our operating activities, the acquisition of Orgad and Naiz Fit, and resources that were deployed to grow of both businesses.

Net cash used in operating activities was \$7,290,000 for the year ended December 31, 2022 compared to \$7,297,000 for the year ended December 31, 2021. The decrease in cash used in operating activity is derived mainly from an increase in share based payments and increase in account receivables mainly from the Orgad and Naiz fit acquisitions offset by a decrease in the net loss.

Net cash used in investing activities for the year ended December 31, 2022 was \$993,000 as opposed to net cash provided by investing activities of \$161,000 for the year ended December 31, 2021. The net cash used in investing activities for the year ended December 31, 2022 was mainly from the acquisition of Orgad and Naiz as opposed to proceeds from short-term deposits and restricted deposits during the year ended December 31, 2021.

We had a negative cash flow from financing activities of \$67,000 for the year ended December 31, 2022 compared to positive cash flow of \$16,292,000 for the year ended December 31, 2021. The negative cash flow from financing activities for the year ended December 31, 2022 was mainly due to repayment of loans and interest and payments for leases as opposed to proceeds from issuance of shares and from exercise of warrants for the year ended December 31, 2021.

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 December 31, 2022, together with the proceeds from the January 2023 financing, we believe our existing cash will not be sufficient to fund operations for a period of more 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 Russian invasion of Ukraine, the impact of any resurgence of the COVID-19 pandemic 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.

#### **Recently Issued Accounting Pronouncements**

Certain recently issued accounting pronouncements are discussed in Note 2, Significant Accounting Policies, to the consolidated financial statements included in “Item 8. Financial Statements and Supplementary Data” of this Annual Report on Form 10-K.

#### **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 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 included herein. We believe these 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.

### *Accounting for business combinations*

We allocate the purchase price of acquired companies to the tangible and intangible assets acquired and liabilities assumed, based upon their estimated fair values at the acquisition date. These fair values are typically estimated with assistance from independent valuation specialists.

The purchase price allocation process requires us to make significant estimates and assumptions, especially at the acquisition date with respect to intangible assets, contractual support obligations assumed, contingent consideration arrangements, and pre-acquisition contingencies.

Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain.

Examples of critical estimates in valuing certain of the intangible assets we have acquired or may acquire in the future include but are not limited to:

- future expected cash flows from product sales or other customer contracts;
- expected costs of fulfillment including marketing, warehousing and product sales;
- the acquired company's brand and competitive position, as well as assumptions about the period of time the acquired brand will continue to be used in the combined company's product portfolio;
- cost of capital and discount rates; and
- estimating the useful lives of acquired assets as well as the pattern or manner in which the assets will amortize.

Refer to Note 16, Business Combination, to the consolidated financial statements included in "Item 8. Financial Statements and Supplementary Data" of this Annual Report on Form 10-K.

### ***Revenue from contracts with customers***

Our revenues are comprised of two main categories: (1) selling products to customers, and (2) licensing cloud-enabled software subscriptions, associated software maintenance and support.

We recognize 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, we can identify each party’s rights regarding the distinct goods or services to be transferred (“performance obligations”), we can determine the transaction price for the goods or services to be transferred, the contract has commercial substance and it is probable that we will collect the consideration to which we will be entitled in exchange for the goods or services that will be transferred to the customer.

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.

We maintain a returns policy that allows our 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.

### ***Principal versus Agent Considerations***

We follow the guidance provided in ASC 606 for determining whether we are a principal or an agent in arrangements with customers, by assessing whether the nature of our 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. We determine it is the principle when it has control over the promised product before it is transferred to the end customers.

### ***Subscription and Services Offerings***

Such performance obligations include cloud enabled subscriptions, software maintenance 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide this information.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MY SIZE, INC. AND ITS SUBSIDIARIES  
CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2022

U.S. DOLLARS IN THOUSANDS

INDEX

	<u>Page</u>
<a href="#"><u>Report of Independent Registered Public Accounting Firm</u></a> (PCAOB ID: ID 1057)	F-2
<a href="#"><u>Consolidated Balance Sheets</u></a>	F-4
<a href="#"><u>Consolidated Statements of Comprehensive Loss</u></a>	F-5
<a href="#"><u>Consolidated Statements of Shareholders' Equity</u></a>	F-6
<a href="#"><u>Consolidated Statements of Cash Flows</u></a>	F-7
<a href="#"><u>Notes to Consolidated Financial Statements</u></a>	F-8 - F-33
	F-1

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
My Size, Inc.:

### Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of My Size, Inc. and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of comprehensive loss, shareholders' equity, and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

### Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1d to the consolidated financial statements, the Company has incurred significant losses and negative cash flows from operations and has an accumulated deficit that raises substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1d. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

### Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### *Acquisition-date fair value of customer relationships*

As discussed in Note 16 to the consolidated financial statements, on October 11, 2022, the Company acquired Naiz Bespoke Technologies SL ("Naiz"). As a result of the transaction, the Company acquired customer relationships intangible assets ("customer relationships") representing the generation of future income from Naiz's existing customers. The acquisition date fair value of the customer relationships was \$726 thousand.

We identified the evaluation of the acquisition-date fair value of the Naiz customer relationships as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the following internally developed assumptions used to estimate the fair value of such asset, for which there were limited observable inputs: (i) forecasted revenues attributable to existing customers, (ii) forecasted earnings before interest, taxes, depreciation, and amortization (“EBITDA”) margins for the acquired business, (iii) estimated annual customer attrition rates and (iv) estimated discount rate. The determined fair value was sensitive to changes in these key assumptions. Additionally, specialized skills and knowledge were needed to evaluate the discount rate used.

The primary procedures we performed to address this critical audit matter included the following. We evaluated the design of certain internal controls over the Company’s acquisition-date fair value estimation process, including controls over the development of key assumptions. We performed a sensitivity analysis to assess the impact of reasonably possible changes to forecasted revenues, EBITDA margins, annual customer attrition rates, and the discount rate. We evaluated the forecasted revenue growth rates from existing customers by comparing the growth assumptions to those of the Company’s peers and industry reports. In connection with our assessment of the forecasts used in the valuation, we compared (1) forecasted revenue and EBITDA to Naiz’s historical actual results and (2) estimated annual customer attrition rates to historical Naiz customer attrition data. We tested the Company’s determined weighted average cost of capital (“WACC”), which was used to determine the discount rate, by involving valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the selected discount rate by comparing it against a discount rate range that was independently developed using publicly available market data for comparable companies, and;
- Assessing the Company’s WACC calculation, by comparing it against an independently estimated WACC range based on inputs obtained through published surveys and studies.

#### *Goodwill impairment assessment*

As discussed in Note 16 to the consolidated financial statements, during 2022 the Company recorded goodwill of \$1,257 thousand related to the acquisition of Naiz Bespoke Technologies, S.L. (“Naiz”). The Company performed an annual quantitative impairment test of goodwill at the reporting unit level. Based on this analysis, the Company determined that the fair value of its reporting unit exceeded its carrying value and no impairment charge was required.

We identified the evaluation of the goodwill impairment assessment for the Naiz reporting unit as a critical audit matter. A high degree of subjective auditor judgment was required to evaluate the following assumptions used to estimate the fair value of the Company’s reporting unit, for which there were limited observable inputs: (i) forecasted reporting unit cash flows, (ii) long-term growth rates, and (iii) discount rates. The fair value was sensitive to changes in these key assumptions. Additionally, specialized skills and knowledge were needed to evaluate the discount rates.

The primary procedures we performed to address this critical audit matter included the following. We evaluated the design of certain internal controls over the Company’s goodwill impairment evaluation process. We performed sensitivity analyses to assess the impact of reasonably possible changes to forecasted cash flows, long-term growth rates, and discount rates. We evaluated the Company’s forecasted growth rates by comparing the growth assumptions to those of the Company’s peers and industry reports. We compared the Company’s forecasted revenue, cost of sales, and operating expense margins to historical actual results to assess the reasonableness of the forecasts. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- Assessing the Company’s WACC calculation, by comparing it against an estimated WACC range based on inputs obtained through published surveys and studies
- Evaluating the discount rates used by the Company by comparing them against discount rate ranges that were developed using publicly available market data for comparable companies, and;
- Performing an arithmetic recalculation regarding the fair value of the Company’s reporting unit, using the Company’s cash flow forecasts and the independently developed discount rates, and comparing the results to the Company’s fair value estimates.

/s/ Somekh Chaikin

Somekh Chaikin

Member Firm of KPMG International

We have served as the Company’s auditor since 2017.

Tel Aviv, Israel

April 14, 2023

**CONSOLIDATED BALANCE SHEETS**

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

		December 31,	
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	3	2,100	10,670
Restricted cash		263	273
Inventory		997	-
Account receivables		1,940	40
Other receivables and prepaid expenses	4	758	579
Total current assets		6,058	11,562
Long term deposits		28	-
Property and equipment, net	5	140	112
Operating right-of-use asset	6	583	776
Intangible assets	7	1,377	-
Goodwill	7	1,395	-
Investment in JV	8	99	-
Investment in marketable securities	11	47	108
		3,669	996
Total assets		9,727	12,558
Liabilities and shareholders' equity			
Current liabilities			
Operating lease liability	6	159	138
Short-term loans	9	155	-
Trade payables		2,487	635
Liabilities to Related parties		698	63
Other payables		680	392
Total current liabilities		4,179	1,228
Long-term loans	9	376	-
Deferred tax liabilities		328	-
Operating lease liability	6	308	473
Total non-current liabilities		1,012	473
CONTINGENCIES AND COMMITMENTS	15		
Total Liabilities		5,191	1,701
Shareholders' equity			
Stock capital -			
Common stock of \$0.001 par value - Authorized: 250,000,000 and 100,000,000 shares as of December 31,2022 and 2021; Issued and outstanding: 1,464,117 and 959,297 as of December 31,2022 and 2021, respectively (*)			
Additional paid-in capital		58,673	56,453
Accumulated other comprehensive loss		(637)	(406)
Accumulated deficit		(53,501)	(45,191)
Total shareholders' equity		4,536	10,857
Total liabilities and shareholders' equity		9,727	12,558

(\*) Adjusted to give retroactive effect of 1:25 reverse stock split, see Note 13 (g)

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



**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

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

	Note	Year ended December 31,	
		2022	2021
<b>Revenues</b>		4,459	131
<b>Cost of revenues</b>		(3,825)	-
<b>Gross profit</b>		634	131
<b>Operating expenses</b>			
Research and development		(1,701)	(4,248)
Sales and marketing	18	(3,143)	(2,336)
General and administrative	19	(3,900)	(4,124)
<b>Total operating expenses</b>		(8,744)	(10,708)
<b>Operating loss</b>		(8,110)	(10,577)
Financial income (expense), net	20	(236)	57
<b>Loss before taxes</b>		(8,346)	(10,520)
Taxes on income		36	-
<b>Net loss for the year</b>		(8,310)	(10,520)
<b>Other comprehensive income (loss):</b>			
Foreign currency translation differences		(231)	18
<b>Total comprehensive loss</b>		(8,541)	(10,502)
<b>Basic and diluted loss per share (*)</b>		(7.47)	(17.75)
<b>Basic and diluted weighted average number of shares outstanding (*)</b>		1,111,913	420,385

(\*) Adjusted to give retroactive effect of 1:25 reverse stock split, see Note 13 (g)

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

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

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

	<b>Common stock</b>		<b>Additional paid-in capital</b>	<b>Accumulated other comprehensive loss</b>	<b>Accumulated Deficit</b>	<b>Total stockholders' equity</b>
	<b>Number</b>	<b>Amount</b>				
Balance as of January 1, 2021	289,314	(*)	37,171	(424)	(34,671)	2,076
Stock-based compensation related to options granted to employees and consultants	-	-	373	-	-	373
Exercise of options granted to employees	178	(*)	-	-	-	-
Restricted shares issued to shareholder (***)	100,000	(*)	2,618	-	-	2,618
Issuance of shares, net of issuance cost of \$1,160	434,700	1	12,582	-	-	12,583
Exercise of warrants	135,108	(*)	3,709	-	-	3,709
Total comprehensive income (loss)	-	-	-	18	(10,520)	(10,502)
Balance as of December 31, 2021	959,300	1	56,453	(406)	(45,191)	10,857
Stock-based compensation related to options and restricted shares granted to employees and consultants	176,000	(*)	455	-	-	455
Issuance of shares in Business Combination (**)	295,802	(*)	1,446	-	-	1,446
Issuance of shares post Business Combination (**)	20,924	(*)	319	-	-	319
Effect of reverse stock split (Note 13 g)	12,091	(*)	-	-	-	-
Total comprehensive income (loss)	-	-	-	(231)	(8,310)	(8,541)
Balance as of December 31, 2022	1,464,117	1	58,673	(637)	(53,501)	4,536

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

(\*\*) See note 16

(\*\*\*) See note 1 b

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

U.S. dollars in thousands

	Year ended December 31,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net loss	(8,310)	(10,520)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	38	42
Change in operating lease right-of-use asset	135	43
Amortization of intangible assets	155	-
foreign exchange differences	(23)	1
Change in liabilities to related parties	635	-
Interest on long term liabilities	10	-
Interest paid	(10)	-
Revaluation of investment in marketable securities	62	(49)
Restricted Shares issued to shareholder	-	2,618
Stock based compensation	455	373
Issuance of shares post Business Combination	319	-
Change in inventory	(219)	-
Change in deferred tax liabilities	(36)	-
Change in account receivable	(1,863)	(12)
Changes in operating lease liabilities	(142)	-
Change in other receivables and prepaid expenses	184	(99)
Change in trade payables	1,315	253
Change in other payables	5	53
Net cash used in operating activities	(7,290)	(7,297)
<b>Cash flows from investing activities:</b>		
Acquisition of a subsidiary, net of cash acquired	(767)	-
Proceeds from restricted deposits, net investing in other receivable	-	184
Investment in equity accounted investee	(99)	-
Purchase of property and equipment	(27)	(23)
Net cash (used in) provided by investing activities	(993)	161
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of shares, net of issuance costs	-	12,583
Repayment of loans	(67)	-
Proceeds from exercise of warrants	-	3,709
Net cash (used in) provided by financing activities	(67)	16,292
Effect of exchange rate fluctuations on cash and cash equivalents	(230)	13
Change in cash and cash equivalents and restricted cash	(8,580)	9,169
Cash and cash equivalents and restricted cash at the beginning of the year	10,943	1,774
Cash and cash equivalents and restricted cash at the end of the year	2,363	10,943

B) Aggregate cash flows derived for the Company as a result of the Orgad acquisition (note 16)

	2022
Trade and other receivables	364
Inventory	864
Fixed assets	55
Long-term deposits	31
Selling Platform	378
Goodwill	152
Short-term credit	(181)
Trade payables	(580)
Other payables	(88)
Long-term loan	(138)
Long-term provision	(13)
Deferred Tax Liability	(87)
Issuance of shares	(457)
Total acquisition of subsidiary, net of cash	300

C) Aggregate cash flows derived for the Company as a result of the Naiz acquisition (note 16)

	<u>2022</u>
Trade receivables and other receivables	41
PP&E	3
Long-term financial investment	8
Customer Relationships	726
Technology	286
Trademark	77
Goodwill	1,152
Short Term accruals and deferrals	(56)
Trade payables	(46)
Short-term provision	(6)
Short term debt	(155)
Long term debt	(294)
Deferred Taxes	(261)
Issuance of shares	(1,008)
Total acquisition of subsidiary, net of cash	<u>467</u>

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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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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 (“DIY”) 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 Naiz Bespoke Technologies, S.L. (“Naiz”) in October 2022 (see note 16), the Company expanded its offering outreach and customer base.

Following the acquisition of Orgad International Marketing Ltd. (“Orgad”) in February 2022 (see note 16), the Company also operates an omnichannel e-commerce platform.

The Company has five 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 and Naiz Bespoke Technologies, S.L., a limited liability company incorporated under the laws of Spain (see note 16). References to the Company include the subsidiaries unless the context indicates otherwise.

My Size, Inc., was incorporated and commenced operations in September 1999, as Topspin Medical Inc. (“Topspin”), a private company registered in the State of Delaware. In December 2013, the Company changed its name to Knowledgetree Ventures Inc. Subsequently, in February 2014, the Company changed its name to My Size, Inc. Topspin was engaged, through its Israeli subsidiary, in research and development in the field of cardiology and urology.

Since September 1, 2005, the Company has traded on the Tel Aviv Stock Exchange (“TASE”).

Between 2007 and 2012 the Company reported as a public company with the U.S. Securities and Exchange Commission (the “SEC”). In August 2012, the Company suspended its reporting obligations under Section 13(a) and 15(d) of the Securities Exchange Act of 1934. In mid-2015, the Company resumed reporting as a public company.

- b. On January 9, 2014, at the Company’s general meeting of shareholders, its shareholders approved an engagement with one of the Company’s investors (the “Seller”) for the purchase of rights in a Venture (the “Venture”), including the rights to the method and the certain patent application that had been filed by the Seller (the “Assets”). The Venture relates to the development of technologies and applications which will assist the consumer to take his or her body measurements accurately using a mobile device to ensure the purchase of clothing with the best possible fit without the need to try them on.

In February 2014, the Company established a wholly owned subsidiary, My Size (Israel) 2014 Ltd., a company registered in Israel, which is currently engaged in the development of the Venture described above.

In return for purchasing an interest in the Venture, the Company undertook to pay the Seller 18% of the Company’s operating profit, direct or indirect, connected to the Venture for a period of seven years starting from the end of the Venture’s development period.

As part of the agreement, the Seller received an option to buy back the Assets for consideration which will reflect the market fair value at that time, on the occurrence of the following events: a) if a motion is filed to liquidate the Company; b) if seven years after signing the agreement, the Company’s total accumulated revenues, direct or indirect, from the Venture or the commercialization of the patent will be lower than NIS 3.6 million.

In such an event, Seller may repurchase the interest in the Venture at a market price to be determined by an independent third party valuation consultant, who shall be chosen by agreement by the parties, and the audit committee shall conduct the negotiations on behalf of the Company to determine the identity of the consultant.

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 100,000 shares of common stock to Ms. Zigdon in a private placement.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 1 - GENERAL (Cont.)**

- c. On July 25, 2016, the Company's common stock began publicly trading on the Nasdaq Capital Market under the symbol "MYSZ". The Company's shares of common stock are listed both on the Nasdaq Capital Market and TASE.
- d. Since inception, the Company has incurred significant losses and negative cash flows from operations and has an accumulated deficit of \$53,501. 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 December 31, 2022, management is of the opinion that its existing cash will be sufficient to fund operations for a period less than 12 months. 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.

- e. The Company has three reportable segments: (i) fashion and equipment e-commerce platform, and (ii) SaaS based innovative artificial intelligence driven measurement solutions (iii) Naiz 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 My Size Israel and LLC.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements are prepared according to United States generally accepted accounting principles ("U.S. GAAP"), applied on a consistent basis, as follows

- a. Use of estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Information about assumptions made by the Company with respect to the future and other reasons for uncertainty with respect to estimates that have a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year are included in the following notes:

Acquisitions of subsidiaries

The Company measures the fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, in business combination transactions. For information on details on fair value measurement in acquisition of subsidiaries, see Note 16 regarding business combinations.

Estimated impairment of non-financial assets

The Company examines on an annual basis whether there is an impairment of goodwill, intangibles and property, plant and equipment that are allocated to cash generating units, in accordance with the accounting policy presented in Note 1(h) below. Recoverable amounts of cash-generating units are determined on the basis of value-in-use calculations. These calculations require the use of estimates.

For information on key assumptions used in calculation of the recoverable amount, see note 7 – Goodwill and other Intangible assets.

- b. Functional currency:

The currency of the primary economic environment in which the operations of the Company is conducted is the United States Dollar and thus it is the Company's functional currency. The reporting currency according to which these financial statements are prepared is the U.S. dollar.

The currency of the primary economic environment in which the operation of the Subsidiary, My Size Israel and Orgad International Marketing Ltd. functional currency is the New Israeli Shekel ("NIS").

The currency of the primary economic environment in which the operation of the Subsidiary, My Size LLC, functional currency is Russian Ruble.

The currency of the primary economic environment in which the operation of the Subsidiary, Naiz fit, functional currency is Euro.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)

## c. Principles of consolidation:

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

## d. Cash equivalents:

Cash equivalents are short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less at the date acquired.

## e. Restricted cash

Restricted cash are deposits for rent, credit card and for hedging activities.

## f. Inventories:

Inventories include finished goods and 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. The costs of purchase of inventories comprise the purchase price and other costs directly attributable to the acquisition of finished goods. In 2022, the Company recorded an inventory mark-down of \$48.

## g. Property and equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, at the following annual rates:

	%
Computers and peripheral equipment	33
Office furniture and equipment	7-20
Leasehold improvements	Over the term of the lease or the useful life of the improvements, whichever is shorter

## h. Impairment of long-lived assets:

The Company's property and equipment are reviewed for impairment in accordance with ASC 360, "Property Plant and Equipment", whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less selling costs. During the periods ended December 31, 2022 and 2021, no impairment losses have been recorded.

## i. 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, customer relationships, Technology and trademark 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.

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

## j. 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. Goodwill from Orgad acquisition was allocated to the fashion and equipment e-commerce platform segment and Goodwill from the Naiz acquisition was allocated to Naiz segment based on innovative artificial intelligence driven measurement solutions.

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.

## k. 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. Amortization is calculated by the straight-line method over the estimated useful lives of the following assets.

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

	years
Customer Relationships	7
Technology	5
Trademark	5
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.

## l. Severance pay:

The Subsidiary's liability for severance pay is covered by Section 14 of the Israeli Severance Pay Law ("Section 14"). Under Section 14, employees in Israel are entitled to have monthly deposits, at a rate of 8.33% of their monthly salary, made on their behalf to their insurance funds. Payments in accordance with Section 14 exempt the Subsidiary from any additional obligation for these employees. As a result, the Subsidiary does not recognize any liability for severance pay due to these employees and the deposits under Section 14 are not recorded as an asset in the Subsidiary's balance sheet. These contributions for compensation represent defined contribution plans and expenses are recorded based on actual deposits.

Other than the My Size Israel's liability there are no additional severance pay liabilities.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

## m. Research and development costs:

Research and development costs are charged to the statement of operations, as incurred. Most of the research and development expenses are for wages, related expenses and subcontractors.

## n. Income taxes:

The Company accounts for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in the consolidated financial statements or in the Companies' tax returns. Deferred taxes are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. The Company assesses the likelihood that its deferred tax assets will be recovered from future taxable income and, to the extent it believes, based upon the weight of available evidence, that it is more likely than not that all or a portion of deferred tax assets will not be realized. The Company establishes a valuation allowance, if necessary, to reduce deferred tax assets to the amount more likely than not to be realized. As of December 31, 2022, and 2021, a full valuation allowance was established by the Company.

The Company implements a two-step approach to recognize and measure the benefit of its tax positions. The first step is to evaluate the tax position taken or expected to be taken in a tax return by determining if the weight of available evidence indicates that it is more likely than not that, on an evaluation of the technical merits, the tax position will be sustained on audit, including resolution of any related appeals or litigation processes. The second step is to measure the tax benefit as the largest amount that is greater than 50 percent (cumulative basis) likely to be realized upon settlement. The Company believes that its tax positions are all highly certain of being upheld upon examination. As of December 31, 2022 and 2021 the Company recorded a liability for unrecognized tax benefits of \$328 and none respectively.

## o. Accounting for stock-based compensation:

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

The Company recorded stock options issued to non-employees at the grant date fair value, and recognizes expenses over the related service period by using the straight-line attribution approach in accordance with ASU 2018-07. All awards are equity classified.

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

## p. Fair value of financial instruments:

ASC 820, Fair Value Measurements and Disclosures, relating to fair value measurements, defines fair value and established a framework for measuring fair value. The 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.

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 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 asset.

## q. Basic and diluted net loss per share:

Basic net loss per share is computed based on the weighted average number of shares of common stock outstanding during each year. Diluted net income per share is computed based on the weighted average number of shares of common stock outstanding during each year plus dilutive potential equivalent common stock considered outstanding during the year, in accordance with ASC 260, "Earnings per Share". For the years ended December 31, 2022 and 2021, all outstanding options and warrants have been excluded from the calculation of the diluted net loss per share since their effect was anti-dilutive.

## r. Concentrations of credit risk:

Financial instruments that potentially subject the Company and its subsidiaries to concentrations of credit risk consist principally of cash and cash equivalents.

Cash and cash equivalents are invested in banks in Israel, Spain and United States. Such deposits in United States may be in excess of insured limits and are not insured in other jurisdictions. Management believes that the financial institutions that hold the Company's investments are financially sound and, accordingly, minimal credit risk exists with respect to these investments.

The Company and its subsidiaries have no off-balance-sheet concentration of credit risk such as foreign exchange contracts, option contracts or other foreign hedging arrangements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

## s. Revenue Recognition:

The Company's revenues are comprised of two main categories: (1) selling products to customers, and (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 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.

*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 determines it is the principle when it has control over promised product before it is transferred to the end customers.

*Subscription and Services Offerings*

Such performance obligations include cloud enabled subscriptions, software maintenance 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).

The Company recognizes 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.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

## t. Contingencies and Commitments

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

## u. Derivative instruments

The Company accounts for its derivative instruments as either assets or liabilities and measures them at fair value through profit or loss.

## v. Leases

The Company leases include an office space lease agreement for 36 months, with an option to extend for an additional 36 months and 36 months cancelable operating lease agreements on behalf of personnel vehicles. The lease term includes a non-cancellable period of the lease plus any additional periods covered by either a Company option to extend (or not to terminate) the lease that the Company is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The company generally use its incremental borrowing rate based on the estimated rate of interest for collateralized borrowing over a similar term of the lease payments at commencement date. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

For the office rent lease, the Company has elected to account for the lease and non-lease maintenance components as a single lease component. Therefore, the lease payments used to measure the lease liability include all of the fixed consideration in the contract, including in-substance fixed payments, owed over the lease term.

## w. Impact of recently issued accounting standard

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", which requires companies to measure credit losses of financial instruments, including customer accounts receivable, utilizing a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Subsequent to the issuance of ASU 2016-13, the FASB issued several additional Accounting Standard Updates to clarify implementation guidance, provide narrow-scope improvements and provide additional disclosure guidance. As an Emerging Growth Company, ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. The Company does not expect this ASU to have a material impact on its consolidated financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 3 - CASH AND CASH EQUIVALENTS**

The Company's cash and cash equivalents balance at December 31, 2022 and 2021 is denominated in the following currencies:

	December 31,	
	2022	2021
US Dollars	1,651	10,184
New Israeli Shekels	259	433
Other	190	53
	<u>2,100</u>	<u>10,670</u>

**NOTE 4 - OTHER RECEIVABLES AND PREPAID EXPENSES**

	December 31,	
	2022	2021
Prepaid expenses and other current assets	322	429
Government authorities	283	17
Other	153	133
Total	<u>758</u>	<u>579</u>

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

	Computers and peripheral equipment	Office furniture and equipment	Leasehold improvements	Total
<b>Cost</b>				
Balance as at January 1, 2021	182	58	60	300
Additions	23	-	-	23
Translation adjustments	7	2	2	11
Balance as at December 31, 2021	<u>212</u>	<u>60</u>	<u>62</u>	<u>334</u>
Balance as at January 1, 2022	212	60	62	334
Additions	16	11	-	27
Business combination	40	15	-	55
Translation adjustments	(32)	(8)	(8)	(48)
Balance as at December 31, 2022	<u>236</u>	<u>78</u>	<u>54</u>	<u>368</u>
<b>Accumulated Depreciation</b>				
Balance as at January 1, 2021	146	14	12	172
Additions	27	5	10	42
Translation adjustments	6	1	1	8
Balance as at December 31, 2021	<u>179</u>	<u>20</u>	<u>23</u>	<u>222</u>
Balance as at January 1, 2022	179	20	23	222
Additions	20	9	9	38
Translation adjustments	(27)	(3)	(2)	(32)
Balance as at December 31, 2022	<u>172</u>	<u>26</u>	<u>30</u>	<u>228</u>
<b>Carrying amounts</b>				
As at December 31, 2021	<u>33</u>	<u>40</u>	<u>39</u>	<u>112</u>
As at December 31, 2022	<u>64</u>	<u>52</u>	<u>24</u>	<u>140</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 6 - LEASES**

In August 2019, The Company entered into an office space lease agreement. The lease term is for 36 months beginning on August 20, 2019 and ending on August 20, 2022, with an option to extend for an additional 36 months. The Company extended the lease period until August 20, 2025. Monthly rent payments including utilities amounting to approximately USD 14 (NIS 49,500) per month.

In addition, The Company entered into a three-year cancelable operating lease agreement for cars.

These operating leases are included in "Right of use asset" on the Company's December 31, 2022 consolidated balance sheets, and represent the Company's right to use the underlying asset for the lease term. The Company's obligations to make lease payments are included in the current liabilities as "Operating lease liability" and in the non-current liabilities as "Operating lease liability - long term" on the Company's December 31, 2022 consolidated balance sheets. As of December 31, 2022, right-of-use of asset was \$583. operating lease liabilities were \$159 and non current Operating lease liabilities were \$308. Right-of-use asset includes the capitalization of improvements (net of amortization) amounting to \$105.

Because the rate implicit in each lease is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of the lease payments.

The interest rate used to discount future lease payment was 11.95%.

Maturities of lease liabilities as of December 31, 2022 were as follows:

Year Ending:		
2023	\$	191
2024	\$	191
2025	\$	127
Thereafter	\$	509
Less imputed interest:	\$	(42)
Total lease liabilities	\$	467

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 7 – Goodwill and other Intangible assets

## A. Identified intangible assets

## Schedule of Intangible assets

	Selling Platform Thousands USD	Technology Thousands USD	Customer Relationships Thousands USD	Other Thousands USD	Total Thousands USD
<b>Cost</b>					
As of January 1, 2022	-	-	-	-	-
<b>Acquisitions through business combinations</b>	378	286	726	77	1,467
<b>Effect of changes in exchange rates</b>	(32)	25	65	7	65
<b>As of December 31, 2022</b>	<b>346</b>	<b>311</b>	<b>791</b>	<b>84</b>	<b>1,532</b>
<b>Amortization</b>					
As of January 1, 2022	-	-	-	-	-
<b>Amortization for the year including effect of changes in exchange rates as of December 31, 2022</b>	<b>(109)</b>	<b>(15)</b>	<b>(27)</b>	<b>(4)</b>	<b>(155)</b>
<b>Carrying amount</b>					
<b>As of December 31, 2022</b>	<b>237</b>	<b>296</b>	<b>764</b>	<b>80</b>	<b>1,377</b>
<b>Amortization</b>					

Amortization expenses recorded for identified intangible assets in the Consolidated Statements of Operations for each period and were as follows:

Line Item	December 31, 2022	December 31, 2021
Selling platform		
Costs of revenues	109	-
Trademark		
Sales and marketing	4	-
Technology		
Costs of revenues	15	-
Customer relationships		
Sales and marketing	27	-
<b>Total amortization expenses</b>	<b>155</b>	

Future amortization expenses are expected to be as follows:

	2023	2024	2025	2026	2027	Thereafter	Total
Future amortization expenses	303	303	194	177	156	179	1,312

## b. Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2022 and 2021 were as follows:

	Fashion and equipment e-commerce platform	Naiz	Total
Balance as of December 31, 2021	-	-	-
Changes during the period:			
Goodwill acquired	152	1,152	1,304
Goodwill impairment	-	-	-
Translation differences	(14)	105	91
Balance as of December 31, 2022	<b>138</b>	<b>1,257</b>	<b>1,395</b>

The Company operates its business through three reporting segments: (i) fashion and equipment e-commerce platform, and (ii) SaaS based innovative artificial intelligence driven measurement solutions and (iii) Naiz. See note 17 for additional segments information.

The Company determines the fair value of its reporting units using the income approach. According to the income, the Company uses discounted cash flows to estimate the fair value. Cash flow projections are based on the Company's estimates of revenue growth rates and operating margins, taking into consideration the industry's and market's conditions. The discount rate used is based on the weighted average cost of capital ("WACC"), adjusted for the relevant risk associated with business-specific characteristics.

The Company performed a quantitative assessment as of December, 31 2022 for the reporting units' fair value. The estimated fair value of the Fashion and equipment e-commerce platform and Naiz reporting units exceeded its estimated carrying amount by 95.9% and 27.7% respectively. This, based the following assumptions:

	Fashion and equipment e-commerce platform	Naiz
Discount rate	21%	23%
Terminal growth rate	3%	3%

If business conditions or expectations were to change materially, it may be necessary to record impairment charges to the Company's reporting units in the future.



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 8 - Investment in JV**

In August 2022, the Company established a joint venture ("JV") in Brazil with Santista Têxtil. The Company holds 51% and Santista Têxtil holds 49% of the JV. The purpose of the JV is to serve the Brazilian market according to the business plan that was set. Both parties agree to make an initial investment in the JV of \$198 that will be made per the holding percentage of each party. As of the reporting date, the JV is in process of establishing its operation.

**NOTE 9 - Financial Liabilities**

The book value of each of the financial liability categories is an acceptable approximation of fair value.

The debt is comprised of four loans that were granted to My Size Israel – in an outstanding amount of approximately \$131, bearing interest ranging from prime rate to prime+2.8% rate, and four loans that were granted to the Spanish subsidiary– in an outstanding amount of approximately \$400, bearing interest ranging from 1% to 3%.

The financial liability maturities during the five years following the end of the financial year are shown below:

	<u>Until 31-12-23</u>	<u>Until 31-12-24</u>	<u>Until 31-12-25</u>	<u>Until 31-12-26</u>	<u>Until 31-12-27</u>	<u>After 31-12-27</u>	<u>TOTAL 31-12-22</u>
Debts with credit institutions	155	138	92	87	47	12	531

**NOTE 10 - RELATED PARTIES TRANSACTIONS**A. Balances with related parties:

The following related party payables are included in liability to related parties.

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Officers (*)	41	43
Liability in respect of business combinations (**)	739	-
Other related parties (***)	(95)	-
Directors	15	20
	<u>698</u>	<u>63</u>

(\*) The amount includes the net salaries payables.

(\*\*) The amount includes the provision created to former owners of Orgad that are entitled to additional cash and equity consideration and former owners of Naiz that entitled to additional cash consideration, see note 16- business combination.

(\*\*\*)The amount includes an amount receivable from Orgad previous shareholders who currently work in the company.

B. Related parties benefits:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Salaries and related expenses	1,440	852
Share based payments	396	73
Cash liability and equity liability expenses related to acquisitions (**)	1,058	-
Directors	58	58
	<u>2,952</u>	<u>983</u>

(\*\*)The amount includes the expenses for a provision created to former owners of Orgad that are entitled to additional cash and equity consideration and former owners of Naiz that entitled to additional cash consideration, see note 16- business combination.

**NOTE 11 - FINANCIAL INSTRUMENTS**

The following tables presents the Company's significant assets and liabilities that are measured at fair value on recurring basis and their classification within the fair value hierarchy:

	<u>December 31, 2022 Fair value hierarchy</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial assets			
Investment in marketable securities	-	47	-
financial assets (*)		10	

	<u>December 31, 2022 Fair value hierarchy</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Financial liabilities			
Derivatives	-	9	-

December 31, 2021

	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets			
Investment in marketable securities	-	108	-

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

(\*)the financial asset includes in other receivables.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share data and per share data)****NOTE 11 - FINANCIAL INSTRUMENTS (Cont.)**

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

At December 31, 2022, the recognized gain and fair value (based on quoted market prices with a discount due to security- restrictions on iMine shares) of the marketable securities were \$59 and \$47, respectively (at December 31, 2021 \$49 and \$108, respectively).

**NOTE 12 - TAXES ON INCOME**

- a. On December 31, 2022, the Company had U.S. federal net operating loss carryforwards of approximately \$26 available to reduce future taxable income. Utilization of the U.S. net operating losses may be subject to substantial limitations due to the change of ownership provisions of the Internal Revenue Code of 1986.

The U.S. Company has final tax assessments through 2014.

On December 22, 2017, the Tax Reform Act was signed into law. The legislation significantly changes U.S. tax law by, among other things, lowering the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. As a result of the decrease in the corporate income tax rate, the Company revalued the ending net deferred tax assets at December 31, 2017, but did not recognize any incremental income tax expense in 2017 due to the revaluation of the valuation allowance.

- b. Foreign tax:

1. Tax rates:

Presented hereunder are the tax rates relevant to the Company's Israeli subsidiaries:

2022 - 23%

2021 - 23%

Presented hereunder are the tax rates relevant to the Company's Spanish subsidiary:

2022 - 24%

2. The Company's Israeli subsidiaries have estimated total available carryforward operating tax losses for Israeli income tax purposes of approximately \$64 as of December 31, 2022. Of these losses, a total of \$47.5 are owned by Topspin Medical (Israel) Ltd. Topspin tax losses may be offset only by future income with respect to the same operational activity by which it was incurred for an indefinite period of time. The other losses are owned by My Size Israel and may be carryforward to offset against future income for an indefinite period of time.
3. Topspin Medical (Israel) Ltd. and My Size (Israel) 2014 Ltd. has final tax assessments through 2016.
- c. U.S. and foreign components of loss from continuing operations, before income taxes consisted of:

	December 31,	
	2022	2021
U.S	(1,180)	(3,802)
Non-U.S. (foreign)	(7,130)	(6,718)
	(8,310)	(10,520)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 12 - TAXES ON INCOME (Cont.)**

## d. Deferred taxes:

Deferred taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets are as follows:

	December 31,	
	2022	2021
Deferred tax assets:		
Operating loss carryforwards	20,131	20,238
Warrants and options	145	126
Marketable securities	390	377
Intangible assets	(328)	-
Research and development expenses	586	341
Other temporary differences	203	-
Deferred tax assets before valuation allowance	21,127	21,082
Valuation allowance	(21,455)	(21,082)
Net deferred tax liability	(328)	-

The following table presents a reconciliation of the beginning and ending valuation allowance:

	December 31,	
	2022	2021
Balance at beginning of the year	21,082	18,968
Additions in valuation allowance to the income statement	1,758	1,625
Additions in valuation allowance due to exchange rate differences	(1,385)	489
Balance at end of the year	21,455	21,082

In assessing the realization of deferred tax assets, management considers whether it is more likely than not that all or some portion of the deferred tax assets will not be realized.

The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences are deductible and net operating losses are utilized. Based on consideration of these factors, the Company recorded a full valuation allowance at December 31, 2021 and 2020.

## e. Theoretical tax

The following presents the adjustment between the theoretical tax amount and the tax amount included in the financial statements:

	December 31,	
	2022	2021
Loss before income taxes	8,346	10,520
Statutory tax rate	21%	21%
Computed "expected" tax income	1,752	2,209
Foreign tax rate differences and exchange rate differences	149	131
Nondeductible expenses	(107)	(715)
Change in valuation allowance	(1,758)	(1,625)
Taxes on income	36	-

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**


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

**NOTE 13 - SHAREHOLDERS' EQUITY**

- a. Common stock confers upon their holders the right to receive notice to participate and vote in general meetings of the Company, and the right to receive dividends if declared.
- b. On January 8, 2021, the Company conducted a public offering of its securities pursuant to which it issued 62,768 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.
- c. During 2021, a holders of warrants exercised warrants to purchase 135,109 ordinary shares of the Company in exchange for \$3,709.
- d. On March 25, 2021, the Company conducted a public offering of its shares of common stock pursuant to which it issued 104,741 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.

On May 7, 2021, the Company issued an additional 15,711 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 \$31.5 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 100,000 shares of common stock to Ms. Zigdon in consideration of the Waiver. See note 1(b) above.
- f. On October 28, 2021, the Company sold in a registered direct offering 100,592 shares of its common stock and, in a concurrent private placement, an aggregate of 75,444 unregistered warrants to purchase shares of common stock, at an offering price of \$33.8 per share and associated warrant. In addition, on the same day, the Company sold in a private placement 150,888 unregistered shares of common stock and unregistered warrants to purchase up to an aggregate of 113,166 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 \$31.5 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 17,603 shares on substantially the same terms as the purchasers in the offerings at an exercise price of \$42.25 per share and a term expiring on October 26, 2026.
- g. On December 7, 2022, the Company's board of directors approved a 1-for-25 reverse stock split of the Company's issued and outstanding shares of common stock. The reverse stock split became effective on December 8, 2022. In order not to have fractional shares as a result of the reverse stock split, the Company issued an additional 12,091 shares of common stock. As a result, all shares of common stock, options for shares of common stock, exercise price and net loss per share amounts were adjusted retroactively for all periods presented in these financial statements.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 13 - SHAREHOLDERS' EQUITY (Cont.)**

g. A summary of the warrant activity during the years ended December 31, 2022 and 2021 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
Outstanding, December 31, 2020	216,859	36.75	4.26
Issued	206,214		-
Expired or exercised	(135,109)		-
Outstanding, December 31, 2021	287,964	31.00	4.35
Issued	-		
Expired or exercised	(17,901)		
Outstanding, December 31, 2022	270,063	30.21	3.36
Exercisable, December 31, 2022	270,063	30.21	3.36

**NOTE 14 - STOCK BASED COMPENSATION**

The stock-based expense 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:

	Year ended December 31,	
	2022	2021
Stock-based compensation expense - Research and development	151	95
Stock-based compensation expense - Sales and marketing	126	180
Stock-based compensation expense - General and administrative	178	98
	455	373

The stock-based expense recognized in the financial statements for services received post Acquisition of Orgad (see note 16) is related to Cost Of Goods, Sales and Marketing and General and Administrative expenses as shown in the following table:

	Year ended December 31,	
	2022	2021
Stock-based compensation expense – Cost of goods	80	-
Stock-based compensation expense - Sales and marketing	112	-
Stock-based compensation expense - General and administrative	127	-
	319	-

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**U.S. dollars in thousands (except share data and per share data)****NOTE 14 - STOCK BASED COMPENSATION (Cont.)**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 107 shares of the Company's common stock upon execution of the agreement. The options are exercisable at \$375.00 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.

In addition, the Company agreed to issue to Consultant14 options to purchase up to 890 shares of the Company's common stock upon execution of the agreement. The options are exercisable at \$27.00 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 2022 and 2021, an amount of \$7 and \$14 respectively, were recorded by the Company as stock-based equity awards with respect to Consultant14.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 14 - STOCK BASED COMPENSATION (Cont.)**

The Company's outstanding options granted to consultants as of December 31, 2022 are as follows:

<b>Issuance date</b>	<b>Options for Common stock</b>	<b>Weighted Average exercise price per share</b>	<b>Options exercisable</b>	<b>Expiration date</b>
February 2018	15	USD 528.75	15	February 2023
August 2018-December 2018	531	USD 352.38	264	August 2023 - December 2023
July 2020	107	USD 375	107	July 2023
September-October 2020	1,488	USD 27.20	1,288	October 2024- September 2025
Total	<u>2,141</u>		<u>1,674</u>	

The Company uses the Black Scholes model to measure the fair value of the stock options with the assistance of a third party valuation.

No stock options were granted during 2022 to consultants.

The fair value of the Company's stock options granted to non-employees was calculated using the following weighted average assumptions:

	<b>2022 Grants</b>	<b>2021 Grants</b>
Dividend yield	-	0%
Expected volatility	-	125.15%
Risk-free interest	-	0.16%
Contractual term of up to (years)	-	1.52



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 14 - STOCK BASED COMPENSATION (Cont.)**Stock Option Plan for employees

In March 2017, the Company adopted a stock option plan (the “Plan”) pursuant to which the Company’s Board of Directors may grant stock options to officers and key employees. The total number of options which may be granted to directors, officers, employees under this plan, is limited to 289,000 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.

The fair value of each option award is estimated on the date of grant using the Binomial option-pricing model that used the weighted average assumptions in the following table. The risk free rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	<b>2022</b>	<b>2021</b>
	<b>Grants</b>	<b>Grants</b>
Dividend yield	0%	0%
Expected volatility	96.52%	98.47%
Risk-free interest	4.06%	0.96%
expected life	5	2-2.27

In the years ended December 31, 2022 and 2021, 10,000 and 3,900 options, respectively, were granted.

On December 7, 2022, the Company’s stockholders approved an increase in the shares available for issuance under the 2017 Equity Incentive Plan from 230,800 shares to 289,000 shares.

On September 29, 2022, the Compensation Committee of the Company approved grants of restricted share awards under the Company’s 2017 Equity Incentive Plan to Ronen Luzon (CEO), Or Kles (CFO), Billy Pardo (COO), Ilia Turchinsky (CTO) and Ezequiel Javier Brandwain (CCO), pursuant to which were issued 100,000 restricted shares, 24,000 restricted shares, 24,000 restricted shares, 16,000 restricted shares and 12,000 restricted shares, respectively. Each restricted share awarded under section 102 Capital Gain Restricted Stock Award Agreement (the “Agreement”). The restricted shares shall vest in three equal installments on January 1, 2023, January 1, 2024 and January 1, 2025 for Ronen Luzon, Or Kles, Billy Pardo and Ilia Turchinsky and on January 27, 2023, January 27, 2024 and January 27, 2025 for Ezequiel Javier Brandwain, conditioned upon continuous employment with the Company, and subject to accelerated vesting upon a change in control of the Company.

On the same day, the Company granted five-years options to purchase up to 10,000 ordinary shares to other employees of the Company at an exercise price of \$0.21 per share. The options vesting period is over three years in three equal portions from the vesting commencement date.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 14 - STOCK BASED COMPENSATION (Cont.)**

The total stock option compensation expense in the year ended December 31, 2022 amounted to \$448 as follows: Research and development expenses amounted to \$151, sales and marketing expenses amounted to \$119 and general and administrative expenses amounted to \$178.

The total stock option compensation expense in the year ended December 31, 2021 amounted to \$252 as follows: Research and development expenses amounted to \$94, sales and marketing expenses amounted to \$97 and general and administrative expenses amounted to \$61.

As of December 31, 2022, there was a total of \$530 unrecognized compensation cost relating to non-vested share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 2.0 years.

Share option activity during 2022 is as follows:

	<b>2022</b>	
	<b>Number of options</b>	<b>Weighted average exercise price US\$</b>
Outstanding as of January 1	35,742	26.5
Granted	10,000	5.25
Exercised	-	-
Expired	(4,136)	-
Outstanding as of year end	41,606	22.48
Vested as of year end	33,208	25.17

Share option activity during 2021 is as follows:

	<b>2021</b>	
	<b>Number of options</b>	<b>Weighted average Exercise price US\$</b>
Outstanding as of January 1	39,094	\$ 26.0
Granted	3,900	32.0
Exercised	(751)	-
Expired	(6,501)	-
Outstanding as of year end	35,742	26.5
Vested as of year end	27,063	26.5

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 15 - 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. 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. North Empire will file its opposition papers on or before March 31, 2022, and the Company will file reply papers on April 29, 2022. On or about September 12, 2022, the Court issued its Decision and Order denying the Company’s motion to reargue. North Empire filed its opposing brief on December 7, 2022. Both sides were given an opportunity to file a reply brief. The Company filed our reply brief on January 4, 2023 and North Empire filed its reply brief on January 13, 2023. The Appellate Court has scheduled oral argument for the appeal for February 7, 2023. Oral argument was held before the Appellate Court on February 7, 2023. On or about February 28, 2023, the Appellate Court filed its Decision and Order, which affirmed the lower court’s decisions regarding both My Size and North Empire’s motions for summary judgment and sent the case back to the Supreme Court.

On or about March 13, 2023, the Supreme Court referred the case to its Alternative Dispute Program and ordered the cases to mediate. A date for the mediation has not yet been set. The Company intends to vigorously defend any claims made by North Empire.

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

- b. 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 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. 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 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.

On December 9, 2021, the Company subsequently entered into a Settlement Agreement (the “Ault Settlement Agreement”), with Milton C. Ault III, Ault Alpha LP, Ault Alpha GP LLC, Ault Capital Management LLC, Ault & Company Inc., collectively the Ault Parties, which we agreed to withdraw the SDNY Action against the Ault Parties and the Ault Parties agreed to withdraw the counterclaim that they asserted in that action against the Company. In addition, pursuant to the Settlement Agreement, the Company paid \$70 to the Ault Parties in consideration for the releases and other good and valuable consideration as set forth in the Ault Settlement Agreement.

- c. 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) 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). 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). 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.

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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## NOTE 16 - BUSINESS COMBINATION

Acquisition 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.

Unaudited pro-forma information

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 December 31, 2022 were \$4,132. If the acquisition had occurred on January 1, 2021, management estimates that the consolidated pro forma revenues for the year ended December 31 2022 and 2021 would have been \$4,662 and \$2,850 respectively, and the net loss after tax would have been \$8,519 and \$10,149 respectively.

(a) Consideration transferred

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

	USD Thousands
Cash (*)	300
Issuance of shares of common stock (69,752 shares) (**)	457
Total consideration transferred	757

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

(\*\*) Quoted price as of the 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 in each of these years provided that in the case of the second and third instalments certain revenue targets are met and subject further to certain downward post-closing adjustment. Furthermore, 69,752 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 year ended December 31, 2022 an amount of \$456 and \$319 was recorded in respect of the cash instalments and in respect of stocks issuance, respectively in Cost Of Goods, Sales and Marketing and General and Administrative expenses as shown in the following table:

	2022
Stock-based compensation expense – Cost of goods	194
Stock-based compensation expense - Sales and marketing	271
Stock-based compensation expense - General and administrative	310
	775

(b) Identifiable assets acquired and liabilities assumed

Under the purchase price allocation, the Company allocated 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.

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	-
Trade receivables	364
PP&E	55
Inventory	864
Long-term financial investment	31
Selling platform	378
Goodwill	152
Short-term accruals and deferrals	(181)
Trade payables	(668)
Long term provision	(13)
Long-term debt	(138)
Deferred Taxes	(87)
Total net assets acquired	757

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 16 - BUSINESS COMBINATION (Cont.)**(c) Acquisition-related costs

The Company incurred transaction costs of approximately \$40 and none during twelve-month period ended December 31, 2022 which were included in general and administrative expenses in the consolidated statements of income (loss).

Acquisition of Naiz Bespoke Technologies, S.L. ("Naiz")

On October 11, 2022, the Company acquired 100% of the shares and voting interests in Naiz a provider of SaaS technology solutions that solve size and fit issues for fashion ecommerce companies. The acquisition was designed to allow Naiz's customers benefit from MySize's deep understanding of the fashion ecommerce retail landscape, while creating an additional revenue stream for the Company.

Unaudited pro-forma information

The results of operations of Naiz have been included in the consolidated financial statements since the acquisition date of October 11, 2022. Naiz revenues included in the Company's consolidated statement of operations from October 11, 2022 through December 31, 2022 were \$103. If the acquisition had occurred on January 1, 2021, management estimates that the consolidated pro forma revenues for the year ended December 31 2022 and 2021 would have been \$4,738 and \$379 respectively and the net loss after tax would have been \$8,695 and \$10,717 respectively.

(a) Consideration transferred

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

	USD Thousands
Cash	503
Issuance of shares of common stock (240,000 shares) (*)	1,008
<b>Total consideration transferred</b>	<b>1,511</b>

## (\*) Quoted price as of the acquisition date

In addition, the Company agreed to pay to the former owners of Naiz, additional cash consideration (up to \$1,550) in four instalments subject to the following conditions:

- (i) Continuing employment or involvement of the Key Persons of Naiz (as defined in the agreement) by or with Naiz, except if terminated as a result of a Good Reason; and
- (ii) Naiz's Revenues reaching or exceeding the respective Target Revenues defined in the agreement. The revenues will be calculated in four periods: (1) January 1, 2022 – December 31, 2022; (2) January 1, 2023 – June 30, 2023; (3) July 1, 2023 – December 31, 2023; (4) January 1, 2024 – December 31, 2024.

Former owners of Naiz are entitled to additional cash consideration following December 31, 2025 (up to \$1,650) in an event when the actual value of the equity consideration is less than \$1,650, subject to completion of a Target Revenue for the period of January 1, 2025 – December 31, 2025 and continuing employment or involvement of the Key Persons of Naiz (as defined in the agreement) by or with Naiz, except if terminated as a result of a Good Reason;

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 16 - BUSINESS COMBINATION (Cont.)**

During the year ended December 31, 2022 an amount of \$283 was recorded in respect of the additional cash consideration.

**(b) Identifiable assets acquired and liabilities assumed**

Under the purchase price allocation, the Company allocated the purchase price to tangible and identified intangible assets acquired and liabilities assumed based on the 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.

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

	Thousands USD
Cash and cash equivalent	36
Trade receivables and other receivables	41
PP&E	3
Long-term financial investment	8
Customer Relationships	726
Technology	286
Trademark	77
Goodwill	1,152
Short Term accruals and deferrals	(56)
Trade payables	(46)
Short-term provision	(6)
Short term debt	(155)
Long term debt	(294)
Deferred Taxes	(261)
Total net assets acquired	1,511

**(c) Acquisition-related costs**

During 2022, the Company incurred transaction costs of approximately \$75 which were included in general and administrative expenses in the consolidated statements of income (loss).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

## Note 17 – Operating Segments

During the year ended December 31, 2021, the Company had one reportable segment. As a result of the business combinations in the reporting period (see note 13), the Company has three reportable segments: (i) fashion and equipment e-commerce platform, and (ii) SaaS based innovative artificial intelligence driven measurement solutions and (iii) Naiz SaaS based innovative artificial intelligence driven measurement solutions and. The fashion and equipment e-commerce platform which represent Orgad's activity that was acquired by the Company, mainly operates on Amazon. Orgad has one customer that is responsible for 37.9% of the Company consolidated revenues. The SaaS based innovative artificial intelligence driven measurement solutions, or SaaS Solutions operating segment consists of My Size Inc and My Size Israel and My Size LLC.

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

	<b>Fashion and equipment e-commerce platform</b>	<b>SaaS Solutions</b>	<b>Naiz</b>	<b>Total</b>
<b>As of the year ended December 31, 2022</b>				
Revenues from external customers	4,132	224	103	4,459
Operating (loss) income	(591)	(7,181)	(338)	(8,110)
Financial income (expense), net	-	-	-	(236)
Net loss before tax	-	-	-	(8,346)
		<b>Fashion and equipment e-commerce platform</b>	<b>SaaS Solution</b>	<b>Naiz</b>
<b>As of December 31, 2022:</b>				
Assets		2,022	5,966	1,691
Amortization of intangible assets		(114)	(34)	(46)

The Company elected to present geographic information in respect with revenues generated from external customers based on the location of the selling entity:

All the revenues of the fashion and equipment e-commerce platform segment are generated by Orgad, located in Israel.

All the revenues of the Naiz segment are generated by Naiz, located in Spain.

The revenues of the SaaS Solutions segment are generated by My Size Ltd. located in Israel (approximately 75% of the segment revenues) and by My Size Inc. located in the U.S. (approximately 25% of the segment revenues).

## NOTE 18 - SALES AND MARKETING

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Salaries	836	574
Consultants and subcontractors	583	1,086
Marketing	481	283
Selling fees	489	-
Share based payments post Orgad acquisition (*)	271	-
Share based payments for consultants and employees	127	180
Travel	211	42
Other	145	171
	<b>3,143</b>	<b>2,336</b>

(\*) See note 16.

## NOTE 19 - GENERAL AND ADMINISTRATIVE EXPENSES

	<b>Year ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Salaries	1,007	461
Professional services	705	1,832
Share based payments for consultants and employees	180	98
Rent, office expenses and communication	442	372
Insurance	564	627
cash liability and equity liability expenses related to Orgad acquisition	310	-
cash liability expenses related to Naiz acquisition	217	-
Settlement fees (*)	-	345
Directors	82	59
Other	393	330
	<b>3,900</b>	<b>4,124</b>



(\*) See note 15(b)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 20 - FINANCIAL INCOME (EXPENSE), NET**A. Financial income

	Year ended December 31,	
	2022	2021
Revaluation investment in marketable securities	-	49
Other	26	17
	<u>26</u>	<u>66</u>

B. Financial expense

	Year ended December 31,	
	2022	2021
Exchange rate differences	33	-
Revaluation of loan granted	100	-
Revaluation investment in marketable securities	62	-
Other	67	9
	<u>262</u>	<u>9</u>

**NOTE 21 - EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

- a. On January 2, 2023, Orgad experienced a fire at its warehouse in Israel. The Company is not aware of any casualties or injuries associated with the fire. The Company shifted Orgad's operation to its headquarters. The value of the inventory that was in the warehouse was approximately \$450. The Company believes that this incident did not affect the future sales results of Orgad for the year 2023. The inventory was not insured and it is too early to determine the potential impact of this incident on the other parties that were involved in the incident (lessor and others that leased properties near the warehouse).
- b. On January 10, 2023, the Company entered into a securities purchase agreement pursuant to which the Company sold an aggregate of 162,000 of the Company's shares of common stock and pre-funded warrants to purchase up to 278,899 shares of common stock and, in a concurrent private placement, unregistered warrants to purchase up to 883,798 shares of common stock, consisting of Series A warrants to purchase up to 441,899 shares of common stock and Series B warrants to purchase up to 441,899 shares of common stock, at an offering price of \$3.055 per share of common stock and associated Series A and Series B warrants and an offering price of \$3.054 per pre-funded warrant and associated Series A and Series B warrants.

In addition, the Company entered into a securities purchase agreement pursuant to which the Company agreed to sell and issue in a private placement an aggregate of up to 540,098 unregistered pre-funded warrants and unregistered warrants to purchase up to an aggregate of 1,080,196 shares of common stock, consisting of Series A warrants to purchase up to 540,098 shares of common stock and Series B warrants to purchase up to 540,098 shares of common stock at an offering price of \$3.054 per pre-funded warrant and associated Series A and Series B warrants.

As of March 31, 2023 all the pre funded warrants were exercised by the investor.

## ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS AND FINANCIAL DISCLOSURE

There were no disagreements with accountants on accounting and financial disclosure of a type described in Item 304 (a)(1)(iv) or any reportable event as described in Item 304 (a)(1)(v) of Regulation S-K.

### ITEM 9A. CONTROLS AND PROCEDURES

#### Disclosure Controls

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of December 31, 2022. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this Annual Report on Form 10-K, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed under the Exchange Act, as amended, is recorded, processed, summarized and reported within the required time periods specified in the SEC's rules and forms and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

#### Management's Report on Internal Control Over Financial Reporting

Our internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting at December 31, 2022. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on that assessment under those criteria, management has determined that, as of December 31, 2022, our internal control over financial reporting was effective.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the exemption provided to issuers that are not "large accelerated filers" nor "accelerated filers" under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

#### Changes in Internal Control Over Financial Reporting

During the year ended December 31, 2022, we made two acquisitions, as discussed in Note 1a and Note 16 of the audited consolidated financial statements for the year ended December 31, 2022 included in this Annual Report on Form 10-K. As a result, we made additions and/or modifications to policies, procedures, systems and controls that have materially affected our internal control over financial reporting from the acquisitions, including new controls for consolidation process that relates to accounting policies and procedures, operational processes and documentation practices. Management excluded the acquired businesses from management's report on internal control over financial reporting.

### ITEM 9B. OTHER INFORMATION

None.

### ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

### PART III

#### ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The following table sets forth the name, age and positions of our executive officers and directors.

NAME	Age	POSITION
Ronen Luzon	52	Chief Executive Officer and Class III Director
Or Kles	40	Chief Financial Officer
Billy Pardo	47	Chief Operating Officer and Chief Product Officer
Ilia Turchinsky	35	Chief Technology Officer
Ezequiel Javier Brandwain	53	Chief Commercial Officer
Oron Branitzky (1)(2)(3)*	63	Class II Director
Oren Elmaliyah (1)(2)(3)*	38	Class I Director
Arik Kaufman (1)(2)(3)*	41	Class I Director
Guy Zimmerman*	53	Class II Director

(1) Member of our audit committee

(2) Member of our nominating and corporate governance committee

(3) Member of our compensation committee

\* Independent as that term is defined by the rules of the Nasdaq Stock Market.

The business background and certain other information about our directors and executive officers is set forth below:

**Ronen Luzon** has served as our Chief Executive Officer and a member of our board of directors since September 2013. Since 2006, Mr. Luzon has additionally served as Chief Executive Officer and founder of Malers Ltd., a company in the global security solutions market which provides technological solutions for integrated communication infrastructures, security and control systems. Prior to Malers, he held several senior marketing, sales management and professional services positions in a variety of international high tech companies including VP marketing of GA Tech and Professional Services Manager of Eldat Communication. Mr. Luzon graduated from Middlesex University in London with a B.S. in IT and Business Information Systems. We believe that Mr. Luzon is qualified to serve as a member of our board of directors because of his more than 20 years of experience in the technology sector.

**Or Kles** has served as our Chief Financial Officer since May 2016. He is a certified public accountant with a broad, diverse financial background. From May 2013 until April 2016 he served as Assistant Controller of Shikun and Binui-Solel Boneh Infrastructure Ltd. and from December 2010 until May 2013 he served as an Associate at KPMG. Mr. Kles holds an MBA and a B.A. in Business Management and Accounting (specializing in financing) from The College of Management Academic Studies. Mr. Kles is a certified public accountant in Israel.

**Billy Pardo** has served as our Chief Product Officer since May 2014 and Chief Operating Officer since April 2019. From April 2010 until August 2013, Ms. Pardo served as Senior Director of Product Management of Fourier Education. Among her areas of expertise are launching products from concept to successful delivery in various methodologies, including Fourier Education's award-winning einstein™ Science Tablet. Prior to that Ms. Pardo served in various product management positions including, Project Manager of Time to Know, Product Marketing Manager of RiT Technologies, Product Manager of Pricer AB and R&D Team Leader at Pricer AB. Ms. Pardo previously served as Software Engineer at Eldat Communication Ltd., and QA Engineer at NICE Systems. Ms. Pardo received an MBA from The Interdisciplinary Center and a B.A. in Computer Science from The Academic College of Tel-Aviv-Yaffo.

**Ilia Turchinsky** has served as our Chief Technology Officer since April 2019 and from July 2018 until April 2019 as our Director of Technology. Prior to joining us, from 2013 until 2018, Mr. Turchinsky served in various roles, most recently Chief Technology Officer, at MonkeyTech Ltd., a company that provides design, development and characterization of mobile applications. Prior to that, Mr. Turchinsky served in various roles including development course instructor at IQLine, was a founder of Arnavsoft and was a software developer for MintLab and a political party. Mr. Turchinsky holds a B.Sc. from the Ben Gurion University in Computer Science and an M.Sc. from the Open University of Israel in Computer Science.

**Ezequiel Javier Brandwain** has served as our Chief Commercial Officer since February 2022. Mr. Brandwain brings more than two decades of global experience in retail and the fashion industry, mainly in business development, operations, and international markets. Before joining the Company, Mr. Brandwain held positions of increasing responsibility at several companies, including between June 2017 and November 2020, at 7 For All Mankind International, where he served as Director, Latin America and Caribbean, managing business development and operations across Latin America and the Caribbean. Before that, between May 2016 and June 2017, Mr. Brandwain served as Chief Business Development Officer at Replay – Fashion Box SPA, where he oversaw business development and operations, expansion and control in the Americas, the Caribbean, and North-East Asia. Prior to this role, between September 2015 and May 2016, he served as the Replay’s Managing Director in Latin America and the Caribbean, leading the company’s international expansion in these regions. Prior to that, between April 2015 and September 2015, Mr. Brandwain served as Managing Director, Latin America and Caribbean at Authentic Brands Group LLC, where he led that company’s operations, business developments and international expansion within these regions, and served as the direct liaison with the company’s headquarters in New York. Prior to that, between April 2015 and September 2015, Mr. Brandwain served as Chief Operating Officer, Latin America and Caribbean at Fleming International Ltd., overseeing operations, as well as projected operations in the travel retail field across these regions. Prior to that, between December 2010 and February 2014, Mr. Brandwain served as Regional Director, Southern Hemisphere at Calvin Klein, where he was responsible for defining and implementing the operational and commercial strategy for Southern Hemisphere, as well as overseeing the retail, travel retail, concession, and wholesale businesses of the company. During his tenure at Calvin Klein, Mr. Brandwain also served as Travel Retail Director, Latin America, where he built the travel retail business and developed operations. Prior to that, between July 2010 and November 2010, Mr. Brandwain served as Business Director, Latin America and Caribbean at Givenchy Latin America, and between January 2010 and June 2010 he served as Commercial Director, Latin America and Caribbean at Nautica Latin America. During December 2004 and December 2009, Mr. Brandwain served as Vice President, International Business Development at Report Collection/Modextil, Inc., where he was in charge of business and operational expansion, global growth, and brand extensions. Prior to that, between 2003 and October 2004, Mr. Brandwain served as General Manager at Andrew Koenig International, Inc. Between September 2019 and November 2020, Mr. Brandwain served as a member of the Board of Directors of 7 For All Mankind Brazil Importacao, Comercio E Distribuicao S.A. Mr. Brandwain earned a Bachelor degree in architecture from the University of the Republic (Uruguay).

**Oron Branitzky** has served as a member of our board of directors since March 2017. Mr. Branitzky has vast experience in retail technology. Since November 2017, Mr. Branitzky has served as Global Retail Business Development at Superup, and from January 2007 until December 2014 he served as Vice President of Sales and Marketing at Pricer AB. Prior to that, Mr. Branitzky has served as VP Marketing and Sales at Eldat Communication and Sarin Technologies Ltd. Since January 2015, Mr. Branitzky has served as chairman of the board of directors of WiseShelf Ltd. and from May 2015 until March 2016, Mr. Branitzky served as an advisory board member of ciValue. Mr. Branitzky received a B.S. from the Hebrew University of Jerusalem and an MBA in International Marketing from Tel Aviv University. We believe that Mr. Branitzky is qualified to serve as a member of our board of directors because of his more than 20 years of experience in managing the sales of hi-tech solutions to retailers across the globe.

**Oren Elmaliyah**, has served as a member of our board of directors since May 2017. In September 2015, Oren Elmaliyah founded Accounting Team IL and has acted as Account Manager since then. Accounting Team IL is a financial consultancy and service provider to public companies traded in Israel and abroad. Since February 2017, Mr. Elmaliyah has served as controller of Enlivex Therapeutics Ltd., and since January 2017 he has served as Chief Financial Officer of Presstek Israel. In addition, since September 2015, Mr. Elmaliyah has served as an Israel Authorities Reporting Officer of LG Electronics Israel and since September 2015 he has served as Local Financial Report Consultant of Chiasma. From July 2011 until August 2015, Mr. Elmaliyah served as CPA, Financial Director of CFO Director Ltd and from June 2010 until July 2011 he served as Risk Management Consultant of RSM International Limited. Mr. Elmaliyah holds a B.A. in Accounting/Economics and a Msc. in Finance/Accounting from Tel Aviv University, Israel. He is a licensed Certified Public Accountant in Israel. We believe that Mr. Elmaliyah is qualified to serve as a member of our board of directors because of his vast finance experience and public company management and administration in the fields of finance, accounting, and financial regulation.

**Arik Kaufman** has served as a member of our board of directors since June 2017. Mr. Kaufman is an attorney specializing in the fields of commercial law, corporate law and capital markets and since 2016 runs his own law office in Israel. He has vast experience in the fields of financial reporting and financial regulation. Mr. Kaufman serves as the Chief Executive Officer of Steakholder Foods since January 2022. From September 2017 until January 2022, Mr. Kaufman served as VP Business Development of Mor Research Applications. Mr. Kaufman holds an LLB in Law from the Interdisciplinary Center, Herzliya, and is admitted to the Israeli Bar. We believe that Mr. Kaufman is qualified to serve as a member of our board of directors based upon his experience of assisting with the completion of numerous venture capital financings, mergers, acquisitions, and strategic relationships. In addition, he has served as a member of the board of various publicly traded companies, including companies that operate in the same industry as us.

**Guy Zimmerman** has served as a member of our board of directors since August 2021. Previously, Mr. Zimmerman served as Founder and CEO of ManuFuture, an online b2b engineering market place, since February 2021. Prior to that from 2017 to 2021, Mr. Zimmerman acted as a consultant to several technology start-ups and was a founding partner of a business travel online platform. From 2013 to 2017, Mr. Zimmerman served as EVP of Marketing and Business Development of Kornit Digital and was part of the IPO leadership. Prior to that, Mr. Zimmerman served as VP of Global Sales and Business Development at Tefron Ltd., a provider of seamless garment technology, where he led the \$100m sales and sales support organization serving global retail and fashion brands. Prior to that he served as Vice President of Strategy and Business Development at Tnuva Group, Israel's largest food manufacturer and spent eight years at McKinsey & Company. Mr. Zimmerman previously led a software startup in the field of operational healthcare management systems. Mr. Zimmerman holds a B.Sc. in Industrial Engineering from Tel Aviv University in Israel. We believe that Mr. Zimmerman is qualified to serve as a member of our board of directors because of his experience in business development in the technology and retail sectors.

## Board Diversity Matrix

The table below provides certain information regarding the diversity of our board of directors as of the date of this annual report.

Board Diversity Matrix (As of March 31, 2023)				
Total Number of Directors	5			
	Female	Male	Non-Binary	Did Not Disclose Gender
<b>Part I: Gender Identity</b>				
Directors	#	5	#	#
<b>Part II: Demographic Background</b>				
African American or Black	#	#	#	#
Alaskan Native or Native American	#	#	#	#
Asian	#	#	#	#
Hispanic or Latinx	#	#	#	#
Native Hawaiian or Pacific Islander	#	#	#	#
White	#	1	#	#
Two or More Races or Ethnicities	#	2	#	#
LGBTQ+		0		
Did Not Disclose Demographic Background		2		

## Family Relationships

Ronen Luzon, the Chief Executive Officer and a member of our board of directors, and Billy Pardo, the Chief Product Officer and Chief Operating Officer, are husband and wife. There are no other family relationships among any of our current or former directors or executive officers.

## Involvement in Certain Legal Proceedings

We are not aware of any of our directors or officers being involved in any legal proceedings in the past ten years relating to any matters in bankruptcy, insolvency, criminal proceedings (other than traffic and other minor offenses), or being subject to any of the items set forth under Item 401(f) of Regulation S-K.

## Arrangements between Officers and Directors

To our knowledge, there is no arrangement or understanding between any of our officers and any other person, including directors, pursuant to which the officer was selected to serve as an officer.

## Board of Directors

There are no agreements with respect to the election of directors.

On January 6, 2022, we filed with the Secretary of State of Delaware a Certificate of Amendment to our Amended and Restated Certificate of Incorporation providing for a classified Board. Following filing of the Certificate of Amendment, members of our board are now classified into three classes with staggered three-year terms (with the exception of the expiration of the initial Class I and Class II directors), as follows:

- Class I, comprised of two directors, initially Arik Kaufman and Oren Elmaliyah (with their initial terms expiring at our 2022 annual meeting of stockholders and members of such class serving successive three-year terms);
- Class II, comprised of two directors, initially Oron Brantitzky and Guy Zimmerman (with their initial terms expiring at our 2023 annual meeting of stockholders and members of such class serving successive three-year terms); and
- Class III, comprised of one director, initially Ronen Luzon (with his initial term expiring at our 2024 annual meeting of stockholders and members of such class serving successive three-year terms).

To preserve the classified Board structure, a director elected by the Board of Directors to fill a vacancy holds office until the next election of the class for which such director has been chosen, and until that director's successor has been elected and qualified or until his or her earlier death, resignation, retirement or removal.

Our board of directors has reviewed the materiality of any relationship that each of our directors has with us, either directly or indirectly. Based upon this review, we believe that Arik Kaufman, Oren Elmaliach, Oron Branitzky and Guy Zimmerman qualify as independent directors in accordance with the standards set by the Nasdaq and Rule 10A-3 promulgated under the Exchange Act.

## **Committees of the Board**

### ***Audit Committee***

Our audit committee is comprised of Oron Branitzky, Oren Elmaliach and Arik Kaufman. Mr. Elmaliach serves as chairman of the audit committee. The audit committee is responsible for retaining and overseeing our independent registered public accounting firm, approving the services performed by our independent registered public accounting firm and reviewing our annual financial statements, accounting policies and our system of internal controls. The audit committee acts under a written charter, which more specifically sets forth its responsibilities and duties, as well as requirements for the audit committee's composition and meetings. The audit committee charter is available on our website [www.mysizeid.com](http://www.mysizeid.com).

The Board of Directors has determined that each member of the audit committee is "independent," as that term is defined by applicable SEC rules. In addition, the Board of Directors has determined that each member of the audit committee is "independent," as that term is defined by the rules of the Nasdaq Stock Market.

The Board of Directors has determined that Oren Elmaliach is an "audit committee financial expert" serving on its audit committee, and is independent, as the SEC has defined that term in Item 407 of Regulation S-K.

### ***Compensation Committee***

Our compensation committee consists of Oron Branitzky, Oren Elmaliach and Arik Kaufman. Mr. Branitzky serves as chairman of the compensation committee.

The compensation committee's roles and responsibilities include making recommendations to the Board of Directors regarding the compensation for our executives, the role and performance of our executive officers, and appropriate compensation levels for our CEO, which are determined without the CEO present, and other executives. Our compensation committee also administers our 2017 Equity Incentive Plan and our 2017 Consultant Equity Incentive Plan. The compensation committee acts under a written charter, which more specifically sets forth its responsibilities and duties, as well as requirements for the compensation committee's composition and meetings. The compensation committee charter is available on our website [www.mysizeid.com](http://www.mysizeid.com).

Our Board of Directors has determined that all of the members of the compensation committee are "independent" as that term is defined by the rules of the Nasdaq Stock Market.

## **Nominating and Corporate Governance Committee**

The members of the nominating and corporate governance committee are Oron Branitzky, Oren Elmaliach and Arik Kaufman. Mr. Kaufman serves as chairman of the corporate governance and nominations committee. The nominating and corporate governance committee acts under a written charter, which more specifically sets forth its responsibilities and duties, as well as requirements for the nominating and corporate governance committee's composition and meetings. The nominating and corporate governance committee charter is available on our website [www.mysizeid.com](http://www.mysizeid.com).

The nominating and corporate governance committee develops, recommends and oversees implementation of corporate governance principles for us and considers recommendations for director nominees. The nominating and corporate governance committee also considers stockholder recommendations for director nominees that are properly received in accordance with applicable rules and regulations of the SEC. Our stockholders that wish to nominate a director for election to the Board of Directors should follow the procedures set forth in our bylaws.

The nominating and corporate governance committee will consider persons identified by its members, management, stockholders, investment bankers and others. The guidelines for selecting nominees, which are specified in the nominating committee charter, generally provide that persons to be nominated:

- should be accomplished in his or her field and have a reputation, both personal and professional, that is consistent with our image and reputation;
- should have relevant experience and expertise and would be able to provide insights and practical wisdom based upon that experience and expertise; and
- should be of high moral and ethical character and would be willing to apply sound, objective and independent business judgment, and to assume broad fiduciary responsibility.

The nominating and corporate governance committee will consider a number of qualifications relating to management and leadership experience, background and integrity and professionalism in evaluating a person's candidacy for membership on the Board of Directors. The nominating and corporate governance committee may require certain skills or attributes, such as financial or accounting experience, to meet specific Board needs that arise from time to time and will also consider the overall experience and makeup of its members to obtain a broad and diverse mix of Board of Directors members. The nominating and corporate governance committee will not distinguish among nominees recommended by stockholders and other persons.

Our Board of Directors has determined that all of the members of the nominating and corporate governance committee are "independent" as that term is defined by the rules of the Nasdaq Stock Market.

#### **Code of Conduct and Ethics**

We have a Code of Business Conduct and Ethics that applies to all our employees. The text of the Code of Business Conduct and Ethics is publicly available on our website at [www.mysizeid.com](http://www.mysizeid.com). Information contained on, or that can be accessed through, our website does not constitute a part of this report and is not incorporated by reference herein. Disclosure regarding any amendments to, or waivers from, provisions of the code of conduct and ethics that apply to our directors, principal executive and financial officers will be posted on the "Investors-Corporate Governance" section of our website at [www.mysizeid.com](http://www.mysizeid.com) or will be included in a Current Report on Form 8-K, which we will file within four business days following the date of the amendment or waiver.

#### **Change in Procedures for Recommending Directors**

There have been no material changes to the procedures by which our stockholders may recommend nominees to our Board of Directors from those procedures set forth in our Proxy Statement for our 2021 Annual Meeting of Stockholders, filed with the SEC on December 7, 2022.



## ITEM 11. EXECUTIVE COMPENSATION

### Summary Compensation Table

The following sets forth the compensation paid by us to our named executive officers, during the years ended December 31, 2022 and December 31, 2021.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)(2)	All Other Compensation (\$)	Total (\$)
<b>Ronen Luzon</b>	2022	173,000	-	223,000	8,000	126,000	530,000
<i>Chief Executive Officer</i>	2021	194,000	5,000	-	23,000	97,000	319,000
<b>Or Kles</b>	2022	123,000	-	53,000	7,000	71,000	254,000
<i>Chief Financial Officer</i>	2021	123,000	8,000	-	30,000	61,000	222,000
<b>Billy Pardo</b>	2022	134,000	-	53,000	7,000	100,00	294,000
<i>Chief Operating Officer</i>	2021	162,000	7,000	-	18,000	74,000	261,000

(1) Salary for the years 2022 and 2021 are based on average US\$/NIS representative exchange rates of NIS 3.358 and NIS 3.11 respectively.

(2) Amounts in this column represent the grant date fair value of options granted to the named executive officers during 2022 and 2021, computed in accordance with FASB ASC Topic 718. These amounts do not necessarily correspond to the actual value that may be realized by the named executive officers. The assumptions made in valuing the options reported in this column are discussed in Note 11 to our audited financial statements for the year ended December 31, 2021 and Note 4 to our condensed consolidated interim financial statements for the quarterly period ended September 30, 2022.

### All Other Compensation Table

The "All Other Compensation" amounts set forth in the Summary Compensation Table above consist of the following:

Name	Year	Automobile- Related Expenses (\$)	Manager's Insurance* (\$)	Education Fund* (\$)	Other social benefits** (\$)	Total (\$)
<b>Ronen Luzon</b>	2022	32,000	31,000	15,000	48,000	126,000
	2021	33,000	33,000	15,000	16,000	97,000
<b>Or Kles</b>	2022	15,000	21,000	10,000	25,000	71,000
	2021	14,000	19,000	9,000	19,000	61,000
<b>Billy Pardo</b>	2022	16,000	25,000	13,000	46,000	100,000
	2021	17,000	24,000	12,000	21,000	74,000

\* Manager's insurance and education funds are customary benefits provided to employees based in Israel. Manager's insurance is a combination of severance savings (in accordance with Israeli law), defined contribution tax-qualified pension savings and disability insurance premiums. An education fund is a savings fund of pre-tax contributions to be used after a specified period of time for educational or other permitted purposes.

\*\* Other social benefits for 2022 and 2021 for all named individuals includes tax payments in respect of social benefits.

## **Agreements with Named Executive Officers**

### ***Ronen Luzon***

On November 18, 2018, My Size Israel, our wholly owned subsidiary, entered into an employment agreement with Ronen Luzon, or the Luzon Employment Agreement, pursuant to which Mr. Luzon will serve as our Chief Executive Officer. Pursuant to the terms of the Luzon Employment Agreement, Mr. Luzon receives NIS 55,000 per month as his base salary and shall be eligible to receive such bonus as determined by us. In addition, Mr. Luzon shall be entitled social benefits and to other benefits, including, but not limited to, contributions towards an education fund, pension scheme, manager's insurance, insurance coverage, including insurance in case of disability, annual vacation days, sick leave and expense reimbursement. Pursuant to the terms of the Luzon Employment Agreement and subject to certain conditions, payments made by the Company to the pension fund or manager's insurance fund shall be made in lieu of severance payments due to Mr. Luzon. The term of the Luzon Employment Agreement shall be effective as of September 1, 2018 and shall continue until such time either party provides written notice to the other party at least 75 days in advance of the termination of such agreement. We may also terminate Mr. Luzon's employment without prior written notice (or payment in lieu of such notice) for Cause (as defined in the Luzon Employment Agreement).

### ***Or Kles***

On November 18, 2018, My Size Israel entered into an employment agreement with Or Kles, or the Kles Employment Agreement, pursuant to which Mr. Kles will serve as our Chief Financial Officer. Pursuant to the terms of the Kles Employment Agreement, Mr. Kles receives NIS 38,000 per month as his base salary and shall be eligible to receive such bonus as determined by us. In addition, Mr. Kles shall be entitled to social benefits and other benefits, including, but not limited to, contributions towards an education fund, pension scheme, manager's insurance, insurance coverage, including insurance in case of disability, annual vacation days, sick leave and expense reimbursement. Pursuant to the terms of the Kles Employment Agreement and subject to certain conditions, payments made by us to the pension fund or the manager's insurance fund shall be made in lieu of severance payments due to Mr. Kles. The term of the Kles Employment Agreement shall be effective as of September 1, 2018 and shall continue until such time either party provides written notice to the other party at least 75 days in advance of the termination of such agreement. We may also terminate Mr. Kles's employment without prior written notice (or payment in lieu of such notice) for Cause (as defined in the Kles Employment Agreement).

### ***Billy Pardo***

On November 18, 2018, My Size Israel entered into an employment agreement with Billy Pardo, or the Pardo Employment Agreement, pursuant to which Ms. Pardo will serve as our Chief Product Officer. Pursuant to the terms of the Pardo Employment Agreement, Ms. Pardo receives NIS 47,500 per month as her base salary and shall be eligible to receive such bonus as determined by us. In addition, Ms. Pardo shall be entitled to social benefits and other benefits, including, but not limited to, contributions towards an education fund, pension scheme, manager's insurance, insurance coverage, including insurance in case of disability, annual vacation days, sick leave and expense reimbursement. Pursuant to the terms of the Pardo Employment Agreement and subject to certain conditions, payments made by us to the pension fund or the manager's insurance fund shall be made in lieu of severance payments due to Ms. Pardo. The term of the Pardo Employment Agreement shall be effective as of September 1, 2018 and shall continue until such time either party provides written notice to the other party at least 75 days in advance of the termination of such agreement. We may also terminate Ms. Pardo's employment without prior written notice (or payment in lieu of such notice) for Cause (as defined in the Pardo Employment Agreement).

## Outstanding Equity Awards at Fiscal Year-End

The following table provides information regarding options held by each of our named executive officers that were outstanding as of December 31, 2022.

Name and Principal Position	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Option Exercise Price	Option Expiration Date	Equity incentive plan awards: Number of Unearned Shares that Have Not Vested	Equity incentive plan awards: Market Value of Unearned Shares, That Have Not Vested
<b>Ronen Luzon - Chief Executive Officer</b>	400(1)	-	\$ 26(8)	7/24/2023	-	-
	1,601(2)	-	\$ 26(8)	5/29/2025	-	-
	6,400(3)	-	\$ 26	8/10/2025	-	-
	100,000(9)	-	-	-	100,000	\$ 511,250
<b>Or Kles - Chief Financial Officer</b>	227(4)	-	\$ 26(8)	7/24/2023	-	-
	427(5)	-	\$ 26(8)	5/29/2025	-	-
	5,200(6)	-	\$ 26	8/10/2025	-	-
	24,000(10)	-	-	-	24,000	\$ 122,700
<b>Billy Pardo- Chief Operating Officer</b>	400(1)	-	\$ 26(8)	7/24/2023	-	-
	894(7)	-	\$ 26(8)	5/29/2025	-	-
	5,200(6)	-	\$ 26	8/10/2025	-	-
	24,000(11)	-	-	-	24,000	\$ 122,700

(1) The option has a grant date of July 24, 2017 and vested in full on January 24, 2018.

(2) The option has a grant date of May 29, 2019. 267 options vested immediately upon grant, 445 options vested on January 24, 2019, 445 options vested on January 24, 2020 and 444 options vested on January 24, 2021.

(3) The option has a grant date of October 8, 2020, 1,600 options vested on November 26, 2020, 1,600 options vested on May 26, 2021, 1,600 options vested on November 26, 2021, and 1,600 options vested on May 26, 2022.

(4) The option has a grant date of July 24, 2017. 76 options vested immediately upon grant, 76 options vested on May 1, 2018 and 75 options vested on May 1, 2019.

(5) The option has a grant date of May 29, 2019. 160 options vested immediately upon grant, 445 options vested on May 1, 2020, 445 options vested on May 21, 2021 and 444 options vested on May 1, 2022.

(6) The option has a grant date of October 8, 2020, 1,300 options vested on November 26, 2020, 1,300 options vested on May 26, 2021, 1,300 options vested on November 26, 2021, and 1,300 options vested on May 26, 2022.

(7) The option has a grant date of May 29, 2019. 214 options vested immediately upon grant, 227 options vested on January 24, 2019, 227 options vested on January 24, 2020 and 226 options vested on January 24, 2021.

(8) 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 5,610 shares of common stock of the Company (with exercise prices ranging between \$453.75 and \$228.75) to \$26 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.

(9) The restricted share award has a grant date of September 29, 2022 and shall vest in three equal installments on January 1, 2023, January 1, 2024, and January 1, 2025.

(10) The restricted share award has a grant date of September 29, 2022 and shall vest in three equal installments on January 1, 2023, January 1, 2024, and January 1, 2025.

(11) The restricted share award has a grant date of September 29, 2022 and shall vest in three equal installments on January 1, 2023, January 1, 2024, and January 1, 2025.

## Director Compensation

The following table sets forth compensation information for our non-employee directors for the year ended December 31, 2022.

Name	Fees earned or paid in cash (\$)(1)	Option awards (\$)(1)(2)	Total (\$)
Oren Elmalih	15,078	-	15,078
Oron Barnitzky	15,347	-	15,347
Arik Kaufman	14,441	-	14,441
Guy Zimmerman	13,033	-	13,033

(1) Fees for the year 2022 are based on average US\$/NIS representative exchange rates of NIS 3.519.

(2) Amounts in this column represent the grant date fair value of options granted to the non-employee directors during 2022 computed in accordance with FASB ASC Topic 718. These amounts do not necessarily correspond to the actual value that may be realized by the non-employee directors. The assumptions made in valuing the options reported in this column are discussed in Note 11 to our financial statements for the year ended December 31, 2022.

We compensate our non-employee directors for their service as a member of our board. Mr. Luzon received no separate compensation for board service. Mr. Luzon's compensation is set forth above in the Summary Compensation Table.

Each non-employee director is entitled to receive a per meeting fee of \$318. Non-employee directors are also reimbursed for their travel and reasonable out-of-pocket expenses incurred in connection with attending board and committee meetings, to the extent that attendance is required by the board or the committee(s) on which that director serves.

## ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

### Security Ownership of Certain Beneficial Holders and Management

The following table sets forth certain information regarding beneficial ownership of shares of our common stock as of March 31, 2023 by (i) each person known to beneficially own more than 5% of our outstanding common stock, (ii) each of our directors, (iii) each of our executive officers, and (iv) all of our directors and executive officers as a group. Except as otherwise indicated, the persons named in the table below have sole voting and investment power with respect to all shares beneficially owned, subject to community property laws, where applicable.

Beneficial Owner <sup>(1)</sup>	Shares of Common Stock Beneficially Owned	Percentage <sup>(2)</sup>
<b>Executive officers and directors:</b>		
Ronen Luzon	143,578 <sup>(3)</sup>	5.8%
Or Kles	29,854 <sup>(4)</sup>	1.2%
Billy Pardo	143,578 <sup>(5)</sup>	5.8%
Ezequiel Javier Brandwain	12,000 <sup>(6)</sup>	*
Ilia Turchinsky	18,313 <sup>(7)</sup>	*
Arik Kaufman	1,294 <sup>(8)</sup>	*
Oren Elmaliah	1,294 <sup>(9)</sup>	*
Oron Branitzky	1,294 <sup>(10)</sup>	*
Guy Zimmerman	-	-
All Executive Officers and Directors as a Group (9 persons)	207,626	8.4%

\* Less than 1%

(1) The address of each person is c/o My Size, Inc., 4 HaYarden St., P.O.B. 1026, Airport City, Israel 7010000 unless otherwise indicated herein.

(2) The calculation in this column is based upon 2,446,780 shares of common stock outstanding on March 31, 2023. Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to the subject securities. Shares of common stock that are currently exercisable or exercisable within 60 days of March 31, 2023 are deemed to be beneficially owned by the person holding such securities for the purpose of computing the percentage beneficial ownership of such person, but are not treated as outstanding for the purpose of computing the percentage beneficial ownership of any other person

(3) Consists of (i) 100,000 shares of restricted stock granted under the 2017 Plan, (ii) 4,683 shares of common stock, (iii) options to purchase up to 8,401 shares of our common stock, and (iv) 24,000 shares of restricted stock and options to purchase up to 6,494 shares of our common stock which are held by Billy Pardo, Ronen Luzon's spouse. Mr. Luzon may be deemed to beneficially hold the securities of us held by Ms. Pardo.

(4) Consists of (i) 24,000 shares of restricted stock granted under the 2017 Plan, and (ii) an option to purchase 5,854 shares of our common stock. Does not include an aggregate of 119,760 shares of restricted stock over which Mr. Kles has been designated the initial proxy to vote such shares pursuant to a voting agreement entered into between Whitehole S.L., Twinbel S.L. and EGI Acceleration, S.L.

(5) Consists of (i) 24,000 shares of restricted stock granted under the 2017 Plan, (ii) options to purchase up to 6,494 shares of our common stock, (iii) 100,000 shares of restricted stock which are held by Ronen Luzon, Billy Pardo's spouse (iii) 8,401 shares of common stock which are held by Mr. Luzon, and (iii) options to purchase up to 4,683 shares of our common stock which are held by Mr. Luzon. Ms. Pardo may be deemed to beneficially hold the securities of the Company held by Mr. Luzon.

(6) Consists of 12,000 shares of restricted stock granted under the 2017 Plan.

(7) Consists of (i) 16,000 shares of restricted stock granted under the 2017 Plan, and (ii) options to purchase up to 2,313 shares of our common stock.

(8) Consists of options to purchase up to 1,294 shares of our common stock.

(9) Consists of options to purchase up to 1,294 shares of our common stock.

(10) Consists of options to purchase up to 1,294 shares of our common stock.

#### **Change in Control**

We are not aware of any arrangement that might result in a change in control in the future. We have no knowledge of any arrangements, including any pledge by any person of our securities, the operation of which may at a subsequent date result in a change in the Company's control.

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

On January 29, 2017, our Board of Directors approved the 2017 Equity Incentive Plan and the 2017 Consultant Equity Incentive Plan, which were approved by our stockholders on March 21, 2017. In addition, on January 29, 2017, our Board of Directors approved the Stock Option Plan Israel Grantees Sub-Plan. The 2017 Equity Incentive Plan initially authorized the issuance of up to 5,334 shares of common stock under the plan and the 2017 Consultant Equity Incentive Plan initially authorized the issuance of up to 8,000 shares of common stock under the plan.

On February 12, 2018, our stockholders approved an amendment to the 2017 Consultant Equity Incentive Plan to increase the maximum number of shares of our common stock available for issuance under the plan from 8,000 to 12,000. On July 3, 2018, our stockholders approved an amendment to the 2017 Equity Incentive Plan to increase the maximum number of shares of our common stock available for issuance under the plan from 5,334 to 8,000 and an amendment to the 2017 Consultant Equity Incentive Plan to increase the maximum number of shares of our common stock available for issuance under the plan from 12,000 to 18,667.

On May 25, 2020, our Board reduced the exercise price of outstanding options of our employees and directors for the purchase of an aggregate of 140,237 of our common stock (with exercise prices ranging between \$453.75 and \$228.75) to \$26.0 per share, and extended the term of the foregoing options for an additional one year from the original date of expiration.

On August 10, 2020, our stockholders approved an increase in the shares available for issuance under the 2017 Equity Incentive Plan from 80,000 to 58,000 shares, and a decrease of the numbers of shares available for issuance under the 2017 Consultant Incentive Plan to 8,667 shares from 18,667 shares.

On December 30, 2021, our stockholders approved an increase in the shares available for issuance under the 2017 Equity Incentive Plan from 58,000 shares to 230,800 shares.

On December 7, 2022, our stockholders approved an increase in the shares available for issuance under the 2017 Equity Plan from 230,800 shares to 289,000 shares.

The following table summarizes information about our equity compensation plans and individual compensation arrangements as of December 31, 2022.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders	43,497	24.74	77,455
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	<b>43,497</b>	<b>24.74</b>	<b>77,455</b>

### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

During years ended December 31, 2022 and 2021, except for compensation arrangements described elsewhere herein and the transactions described below, we did not participate in any transaction, and we are not currently participating in any proposed transaction, or series of transactions, in which the amount involved exceeded the lesser of \$120,000 or one percent of the average of our total assets at year end for the last two completed fiscal years, and in which, to our knowledge, any of our directors, officers, five percent beneficial security holders, or any member of the immediate family of the foregoing persons had, or will have, a direct or indirect material interest.

Compensation arrangements for our named executive officers and directors are described in the section entitled “Executive Compensation.”

#### Employment Agreements

We have entered into written employment agreements with each of our executive officers. These agreements generally provide for notice periods of varying duration for termination of the agreement by us or by the relevant executive officer, during which time the executive officer will continue to receive base salary and benefits. We have also entered into customary non-competition, confidentiality of information and ownership of inventions arrangements with our executive officers. However, the enforceability of the noncompetition provisions may be limited under applicable law.

#### Options

Since our inception we have granted options to purchase our common stock to our officers and directors. Such option agreements may contain acceleration provisions upon certain merger, acquisition, or change of control transactions.

## Restricted Stock Grants

On September 29, 2022, our compensation committee approved grants of restricted share awards under our 2017 Plan to Ronen Luzon, Or Kles, Billy Pardo, Ilia Turchinsky and Ezequiel Javier Brandwain, pursuant to which they were issued 100,000 restricted shares, 24,000 restricted shares, 24,000 restricted shares, 16,000 restricted shares and 12,000 restricted shares, respectively. The restricted shares shall vest in three equal installments on January 1, 2023, January 1, 2024 and January 1, 2025, conditioned upon continuous employment with us, and subject to accelerated vesting upon a change in control of the Company.

## Shareholder Activism

In May 2021, we received notice from Custodian Ventures, LLC, or Custodian, of its intention to nominate four candidates to stand for election to our Board of Directors at our 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., 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. As further described below, 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. 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. As further described below, 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 and 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.

On November 4, 2021, we entered into the Settlement Agreement, or the Lazar Settlement Agreement, with the Lazar Parties. Pursuant to the Lazar Settlement Agreement, we and the Lazar Parties agreed to compromise and settle the Delaware Action and SDNY Action. In addition, pursuant to the Lazar Settlement Agreement, we reimbursed Custodian for out of pocket expenses and in consideration for the dismissal and release of claims against the Company an aggregate amount equal to \$275,000. With respect to our 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 our 2021 annual meeting of stockholders, (ii) the notice dated October 28, 2021 submitted by Custodian to us notifying us of Custodian's continued intent to bring its nomination of four director candidates before our stockholders at the 2021 annual meeting, and (iii) any and all related materials and notices submitted to us in connection therewith or related thereto and to not take any further action in connection with the solicitation of any proxies in connection with us. 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, or the Standstill Period. The Lazar Settlement Agreement also provides that during the Standstill Period, the Lazar Parties will vote all shares of our common stock it beneficially owns in accordance with any proposal or recommendation made by us or our Board of Directors that is submitted to our stockholders, unless to do so would violate applicable law and except with respect to certain extraordinary transactions. The Lazar Settlement Agreement also contains non-disparagement and confidentiality provisions, subject to certain exceptions.

On December 9, 2021, we subsequently entered into a Settlement Agreement, or the Ault Settlement Agreement, with Milton C. Ault III, Ault Alpha LP, Ault Alpha GP LLC, Ault Capital Management LLC, Ault & Company Inc., collectively the Ault Parties, which we agreed to withdraw the SDNY Action against the Ault Parties and the Ault Parties agreed to withdraw the counterclaim that they asserted in that action against the Company. In addition, pursuant to the Settlement Agreement, we paid \$70,000 to the Ault Parties in consideration for the releases and other good and valuable consideration as set forth in the Ault Settlement Agreement.

#### **Naiz Bespoke Technologies Acquisition**

On October 7, 2022, we entered into the Naiz Agreement with the Naiz Sellers, pursuant to which the Naiz Sellers agreed to sell to us all of the issued and outstanding equity of Naiz. The acquisition of Naiz was completed on October 11, 2022.

In consideration of the purchase of the shares of Naiz, the Naiz Agreement provided that the Naiz Sellers are entitled to receive (i) the Naiz Equity Consideration and (ii) up to the Naiz Cash Consideration.

The Naiz Equity Consideration was issued to the Naiz Sellers at closing of the transaction of which 94,632 shares of My Size common stock were issued to Whitehole constituting 6.6% of our outstanding shares following such issuance. The Naiz Agreement also provides that, in the event that the actual value of the Naiz Equity Consideration (based on the Equity Value Averaging Period) is less than \$1,650,000, My Size shall pay the Shortfall Value to the Naiz Sellers within 45 days of our receipt of Naiz's 2025 audited financial statements; provided that certain revenue targets are met. Following the Equity Value Averaging Period, it was determined that the Shortfall Value is \$459,240.

The Naiz Cash Consideration is payable to the Naiz Sellers in five installments, according to the following payment schedule: (i) US\$500,000 at closing, (ii) up to US\$500,000 within 45 days of My Size's receipt of Naiz's 2022 audited financial statements, (iii) up to US\$350,000 within 45 days of My Size's receipt of Naiz's unaudited financial statements for the six months ended June 30, 2023, (iv) up to \$350,000 within 45 days of My Size's receipt of Naiz's unaudited financial statements for the six months ended December 31, 2023, and (v) up to \$350,000 within 45 days of My Size's receipt of Naiz's 2024 audited financial statements; provided that in the case of the second, third, fourth and fifth installments certain revenue targets are met.

The payment of the second, third, fourth and fifth cash installments are further subject to the continuing employment or involvement of Borja and Aritz, or the Key Persons, by or with Naiz at the date such payment is due (except if a Key Person is terminated from Naiz due to a Good Reason (as defined in the Naiz Agreement)).

The Naiz Agreement contains customary representations, warranties and indemnification provisions. In addition, the Naiz Sellers will be subject to non-competition and non-solicitation provisions pursuant to which they agree not to engage in competitive activities with respect to My Size's business.

In connection with the Naiz Agreement, (i) each of the Naiz Sellers entered into the Lock-Up Agreement with My Size, (ii) Whitehole, Twinbel and EGI entered into the Voting Agreement with My Size and (iii) each of the Key Persons entered into employment agreements and services agreements with Naiz.

The Lock-Up Agreement provides that each Naiz Seller will not, for the six-month period following the closing of the transaction, (i) offer, pledge, sell, contract to sell, sell any option, warrant or contract to purchase, purchase any option, warrant or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares in each case, that are currently or hereafter owned of record or beneficially (including holding as a custodian) by such Naiz Seller, or publicly disclose the intention to make any such offer, sale, pledge, grant, transfer or disposition; or (ii) enter into any swap, short sale, hedge or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of such Naiz Seller's Shares regardless of whether any such transaction described in clause (i) or this clause (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise. The Lock-Up Agreement also contains an additional three-month "dribble-out" provision that provides following the expiration of the initial six-month lock-up period, without My Size's prior written consent (which My Size shall be permitted to withhold at its sole discretion), each Naiz Seller shall not sell, dispose of or otherwise transfer on any given day a number of Shares representing more than the average daily trading volume of the Shares for the rolling 30 day trading period prior to the date on which such Seller executes a trade of the Shares.



The Voting Agreement provides that the voting of any Shares held by each of Whitehole, Twinbel and EGI, or the Naiz Acquisition Stockholders, will be exercised exclusively by a proxy designated by My Size's board of directors from time to time, or the Proxy, and that each Naiz Acquisition Stockholder will irrevocably designate and appoint the then-current Proxy as its sole and exclusive attorney-in-fact and proxy to vote and exercise all voting right with respect to the Shares held by each Naiz Acquisition Stockholder. The Voting Agreement also provides that, if the voting power held by the Proxy, taking into account the proxies granted by the Naiz Acquisition Stockholders and the Shares owned by the Proxy, represents 20% or more of the voting power of My Size's stockholders that will vote on an item, or the Voting Power, then the Proxy shall vote such number of Shares in excess of 19.9% of the Voting Power in the same proportion as the Shares that are voted by My Size's other stockholders. The Voting Agreement will terminate on the earliest to occur of (i) such time that such Naiz Acquisition Stockholder no longer owns the Shares, (ii) the sale of all or substantially all of the assets of My Size or the consolidation or merger of My Size with or into any other business entity pursuant to which stockholders of My Size prior to such consolidation or merger hold less than 50% of the voting equity of the surviving or resulting entity, (iii) the liquidation, dissolution or winding up of the business operations of My Size, and (iv) the filing or consent to filing of any bankruptcy, insolvency or reorganization case or proceeding involving My Size or otherwise seeking any relief under any laws relating to relief from debts or protection of debtors.

#### Indemnification Agreements and Directors' and Officers' Liability Insurance

We have entered into indemnification agreements with each of our directors and executive officers. These agreements, among other things, require us to indemnify these individuals and, in certain cases, affiliates of such individuals, to the fullest extent permitted by Delaware law against liabilities that may arise by reason of their service to us or at our direction, and to advance expenses incurred as a result of any proceedings against them as to which they could be indemnified. We also maintain an insurance policy that insures our directors and officers against certain liabilities, including liabilities arising under applicable securities laws.

#### Director Independence

See "Item 10. Directors, Executive Officers and Corporate Governance; Corporate Governance, Board Composition" above for a discussion regarding the independence of the members of our board of directors.

#### ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Somekh Chaikin, a member firm of KPMG International, located in Tel Aviv, Israel, PCAOB ID 1057, has served as our independent registered public accounting firm for 2022 and 2021. The following are Somekh Chaikin's fees for professional services in each of the respective fiscal years:

Fee Category	2022	2021
Audit Fees	198,910	298,300
Tax Fees	30,667	29,300
Audit-related Fees	18,000	-
<b>Total Fees</b>	<b>247,577</b>	<b>327,600</b>

**Audit Fees:** Audit Fees consist of fees billed for professional services performed by Somekh Chaikin for the audit of our annual financial statements, the review of interim consolidated financial statements, and related services that are normally provided in connection with registration statements, including the registration statement for S-1 and S-3.

**Tax Fees:** Tax Fees may consist of fees for professional services, including tax and VAT consulting and compliance performed by an independent registered public accounting provided during the period.

#### Pre-Approval Policies and Procedures

In accordance with the Sarbanes-Oxley Act of 2002, as amended, our audit committee charter requires the audit committee to pre-approve all audit and permitted non-audit services provided by our independent registered public accounting firm, including the review and approval in advance of our independent registered public accounting firm's annual engagement letter and the proposed fees contained therein. The audit committee has the ability to delegate the authority to pre-approve non-audit services to one or more designated members of the audit committee. If such authority is delegated, such delegated members of the audit committee must report to the full audit committee at the next audit committee meeting all items pre-approved by such delegated members. In the fiscal years ended December 31, 2022 and December 31, 2021 all of the services performed by our independent registered public accounting firm were pre-approved by the audit committee.

## PART IV

### ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

The financial statements required by this Item are included beginning at page F-1.

(b) Exhibits

See Exhibit Index

### ITEM 16. FORM 10-K SUMMARY

Not applicable

### EXHIBIT INDEX

Exhibit Number	Description
3.1	<a href="#">Amended and Restated Certificate of Incorporation of My Size, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Form on Form 8-K filed on March 23, 2017)</a>
3.2	<a href="#">Amended and Restated By-Laws of My Size, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K filed on March 4, 2016)</a>
3.3	<a href="#">Amendment to Amended and Restated Certificate of Incorporation of My Size, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed on February 20, 2018)</a>
3.4	<a href="#">Second Amended and Restated By-Laws of My Size, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on April 24, 2018)</a>
3.5	<a href="#">Certificate of Amendment of Amended and Restated Certificate of Incorporation of My Size, Inc. (incorporated by reference to the Company's Current Report on Form 8-K filed on November 18, 2019)</a>
3.6	<a href="#">Certificate of Amendment of Amended and Restated Certificate of Incorporation of My Size, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 7, 2022)</a>
3.7	<a href="#">Amendment No. 1 to Second Amended and Restated By-Laws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on January 7, 2022)</a>
3.8	<a href="#">Certificate of Amendment to Amended and Restated Certificate of Incorporation of My Size, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 7, 2022)</a>
4.1	<a href="#">Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-3/A filed on November 14, 2016)</a>
4.2	<a href="#">Form of Warrant to Purchase Common Stock issued on February 2, 2018 (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K filed on March 27, 2019)</a>
4.3	<a href="#">Description of Securities Registered under Section 12 (incorporated by reference to Exhibit 4.3 to the Company's Annual Report on Form 10-K filed on March 19, 2020)</a>
4.4	<a href="#">Form of Warrant (incorporated by reference to Exhibit 4.5 to the Company's Registration Statement on Form S-1, Amendment No. 1, filed with the SEC on May 5, 2020.)</a>
4.5	<a href="#">Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-1, Amendment No. 1, filed with the SEC on May 5, 2020)</a>
4.6	<a href="#">Form of Placement Agent Warrant (incorporated by reference to Exhibit 4.7 to the Company's Registration Statement on Form S-1, Amendment No. 1, filed with the SEC on May 5, 2020)</a>
10.1	<a href="#">My Size, Inc. 2017 Equity Incentive Plan (incorporated by reference as an exhibit to the Company's Definitive Proxy Statement on Schedule DEF 14A filed on March 2, 2017)</a>
10.2	<a href="#">My Size, Inc. 2017 Consultant Equity Incentive Plan (incorporated by reference as an exhibit to the Company's Definitive Proxy Statement on Schedule DEF 14A filed on March 2, 2017)</a>
10.3	<a href="#">My Size, Inc. 2017 Stock Option Plan Israel Grantees Sub-Plan (incorporated by reference to Exhibit 10.3 to the Company's Annual Report on Form 10-K filed on March 27, 2019)</a>

10.4	<a href="#"><u>Purchase Agreement between My Size, Inc. and Shoshana Zigdon dated as of February 16, 2014 (incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K filed on March 4, 2016)</u></a>
10.5 +	<a href="#"><u>Employment Agreement between My Size Israel 2014 Ltd. and Ronen Luzon dated November 18, 2018 (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 19, 2018)</u></a>
10.6 +	<a href="#"><u>Employment Agreement between My Size Israel 2014 Ltd. and Or Kles dated November 18, 2018 (incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 19, 2018)</u></a>
10.7 +	<a href="#"><u>Employment Agreement between My Size Israel 2014 Ltd. and Billy Pardo dated November 18, 2018 (incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 19, 2018)</u></a>
10.8	<a href="#"><u>Form of Securities Purchase Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on January 15, 2020)</u></a>
10.9	<a href="#"><u>Form of Warrant (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 15, 2020)</u></a>
10.10	<a href="#"><u>Form of Placement Agent Warrant (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 15, 2020)</u></a>
10.11	<a href="#"><u>Securities Purchase Agreement (incorporated by reference to Exhibit 10.30 to the Company's Registration Statement on Form S-1, Amendment No. 1, filed with the SEC on May 5, 2020)</u></a>
10.12	<a href="#"><u>Underwriting Agreement, dated January 5, 2021, by and between the Company and Aegis Capital Corp. (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on January 7, 2021)</u></a>
10.13	<a href="#"><u>Underwriting Agreement, dated March 22, 2021, by and between the Company and Aegis Capital Corp. (incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on March 25, 2021)</u></a>
10.14	<a href="#"><u>Amendment to Purchase Agreement between My Size Israel 2014 Ltd., My Size, Inc. and Shoshana Zigdon (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q on August 16, 2021)</u></a>
10.15	<a href="#"><u>Form of Registered Direct Offering Securities Purchase Agreement, dated October 26, 2021, by and between the Company and the Purchasers (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 28, 2021)</u></a>
10.16	<a href="#"><u>Form of PIPE Securities Purchase Agreement, dated October 26, 2021, by and between the Company and the Purchasers (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 28, 2021)</u></a>
10.17	<a href="#"><u>Form of Warrant (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 28, 2021)</u></a>
10.18	<a href="#"><u>Form of Placement Agent Warrant issued by the Company on October 28, 2021 (incorporated by reference to Exhibit 10.22 to the Company's Form S-1 filed on November 12, 2021)</u></a>
10.19	<a href="#"><u>Form of Registration Rights Agreement, dated October 26, 2021, by and between the Company and the Purchasers (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on October 28, 2021)</u></a>
10.20	<a href="#"><u>Engagement Agreement, dated October 26, 2021, by and between the Company and the Purchasers (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on October 28, 2021)</u></a>
10.21	<a href="#"><u>Settlement Agreement dated November 4, 2021, among My Size, Inc., David Lazar and certain of his affiliates (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on November 5, 2021)</u></a>
10.22	<a href="#"><u>Share Purchase Agreement dated as of February 7, 2022 between My Size Israel 2014 Ltd. and Amar Guy Shalom and Elad Bretfeld (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on February 8, 2022)</u></a>
10.23	<a href="#"><u>Employment Agreement between My Size Israel 2014 Ltd. and Ezequiel Javier Brandwain dated January 27, 2022 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 1, 2022)</u></a>
10.24	<a href="#"><u>Form of Section 102 Capital Gain Restricted Stock Award Agreement under the Company's 2017 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on November 14, 2022)</u></a>
10.25	<a href="#"><u>Share Purchase Agreement, dated as of October 6, 2022, by and among My Size, Inc., Borja Cembrero Saralegui, Artiz Torea Garcia, Whitehold, S.L., Twinbel, S.L., and EGI Acceleration, S.L. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on October 12, 2022)</u></a>
10.26	<a href="#"><u>Form of Lock-Up Agreement by and among My Size, Inc. and the stockholders identified on the signature page thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on October 12, 2022)</u></a>
10.27	<a href="#"><u>Form of Voting Agreement by and among My Size, Inc. and the stockholders identified on the signature page thereto (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on October 12, 2022)</u></a>

10.28	<a href="#"><u>My Size, Inc. Amendment to the My Size, Inc. 2017 Equity Plan (incorporated by reference to Appendix B to the Company's definitive proxy statement filed with the SEC on November 4, 2022)</u></a>
10.29	<a href="#"><u>Form of Registered Direct Offering Securities Purchase Agreement, dated January 10, 2023 (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2023)</u></a>
10.30	<a href="#"><u>Form of PIPE Securities Agreement, dated January 10, 2023 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2023)</u></a>
10.31	<a href="#"><u>Form of Registered Direct Pre-Funded Warrant (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2023)</u></a>
10.32	<a href="#"><u>Form of Series A and Series B Warrant (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2023)</u></a>
10.33	<a href="#"><u>Form of Private Placement Pre-Funded Warrant (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2023)</u></a>
10.34	<a href="#"><u>Form of Registration Rights Agreement, dated January 10, 2023 (incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2023)</u></a>
10.35	<a href="#"><u>Engagement Agreement, dated December 5, 2022 (incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2023)</u></a>
10.36*	<a href="#"><u>Form of Placement Agent Warrant</u></a>
21.1*	<a href="#"><u>List of Subsidiaries</u></a>
23.1*	<a href="#"><u>Consent of Somekh Chaikin, a member firm of KPMG International, registered public accounting firm</u></a>
31.1*	<a href="#"><u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2*	<a href="#"><u>Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32.1*	<a href="#"><u>Certification of the Chief Executive Officer and Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
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.

+ Indicates a management contract or any compensatory plan, contract or arrangement

## SIGNATURES

Pursuant to the requirements of Section 13 and 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized on this 14<sup>th</sup> day of April, 2023.

### MY SIZE, INC.

/s/ Ronen Luzon

Ronen Luzon  
Chief Executive Officer  
(Principle Executive Officer)

/s/ Or Kles

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

Pursuant to the requirements of the Securities Act of 1934, this annual report on Form 10-K has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Ronen Luzon</u> Ronen Luzon	Chief Executive Officer and Director (Principle Executive Officer)	April 14, 2023
<u>/s/ Or Kles</u> Or Kles	Chief Financial Officer (Principal Financial and Accounting Officer)	April 14, 2023
<u>/s/ Oren Elmaliah</u> Oren Elmaliah	Director	April 14, 2023
<u>/s/ Arik Kaufman</u> Arik Kaufman	Director	April 14, 2023
<u>/s/ Oron Branitzky</u> Oron Branitzky	Director	April 14, 2023
<u>/s/ Guy Zimmerman</u> Guy Zimmerman	Director	April 14, 2023

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

**PLACEMENT AGENT COMMON STOCK PURCHASE WARRANT**

**MY SIZE, INC.**

Warrant Shares: \_\_\_\_\_

Issue Date: January 12, 2023

Initial Exercise Date: January 12, 2023

THIS PLACEMENT AGENT COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for value received, \_\_\_\_\_ or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date set forth above (the "Initial Exercise Date") and on or prior to 5:00 p.m. (New York City time) on January 10, 2028 (the "Termination Date") but not thereafter, to subscribe for and purchase from My Size, Inc., a Delaware corporation (the "Company"), up to \_\_\_\_\_ shares (as subject to adjustment hereunder, the "Warrant Shares") of the Company's Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b). This Warrant is issued pursuant to that certain engagement letter, dated as of December 5, 2022, by and between the Company and H.C. Wainwright & Co., LLC.

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "Purchase Agreement"), dated January 10, 2023, among the Company and the purchasers signatory thereto.

## Section 2. Exercise.

a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the “Notice of Exercise”). Within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier’s check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be **\$3.8188**, subject to adjustment hereunder (the “Exercise Price”).

c) Cashless Exercise. If at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance or resale of the Warrant Shares to or by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of “regular trading hours” (as defined in Rule 600(b) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price of the Common Stock on the principal Trading Market as reported by Bloomberg L.P. (“Bloomberg”) as of the time of the Holder’s execution of the applicable Notice of Exercise if such Notice of Exercise is executed during “regular trading hours” on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of “regular trading hours” on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of “regular trading hours” on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported on The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the Securities Act, the Warrant Shares shall take on the characteristics of the Warrants being exercised, and the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).



d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earliest of (i) two (2) Trading Days after the delivery to the Company of the Notice of Exercise, (ii) one (1) Trading Day after delivery of the aggregate Exercise Price to the Company and (iii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received by the Warrant Share Delivery Date. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day (increasing to \$20 per Trading Day on the fifth Trading Day after the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant; provided, however, that the Holder shall be required to return any Warrant Shares subject to any such rescinded exercise notice concurrently with the return to Holder of the aggregate Exercise Price paid to the Company for such Warrant Shares and the restoration of Holder's right to acquire such Warrant Shares pursuant to this Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2 (d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2 (d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within one (1) Trading Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61<sup>st</sup> day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

### Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend (other than cash) or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock or 50% or more of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off, merger or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock or 50% or more of the voting power of the common equity of the Company (each a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the “Alternate Consideration”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction, the Company or any Successor Entity (as defined below) shall, at the Holder’s option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value (as defined below) of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction; provided, however, that, if the Fundamental Transaction is not within the Company’s control, including not approved by the Company’s Board of Directors, the Holder shall only be entitled to receive from the Company or any Successor Entity the same type or form of consideration (and in the same proportion), at the Black Scholes Value of the unexercised portion of this Warrant, that is being offered and paid to the holders of Common Stock of the Company in connection with the Fundamental Transaction, whether that consideration be in the form of cash, stock or any combination thereof, or whether the holders of Common Stock are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction; provided, further, that if holders of Common Stock of the Company are not offered or paid any consideration in such Fundamental Transaction, such holders of Common Stock will be deemed to have received common stock of the Successor Entity (which Entity may be the Company following such Fundamental Transaction) in such Fundamental Transaction. “Black Scholes Value” means the value of this Warrant based on the Black-Scholes Option Pricing Model obtained from the “OV” function on Bloomberg determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg (determined utilizing a 365 day annualization factor) as of the Trading Day immediately following the public announcement of the applicable contemplated Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the greater of (i) the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (ii) the highest VWAP during the period beginning on the Trading Day immediately preceding the public announcement of the applicable contemplated Fundamental Transaction (or the consummation of the applicable Fundamental Transaction, if earlier) and ending on the Trading Day of the Holder’s request pursuant to this Section 3(e) and (D) a remaining option time equal to the time between the date of the public announcement of the applicable contemplated Fundamental Transaction and the Termination Date and (E) a zero cost of borrow. The payment of the Black Scholes Value will be made by wire transfer of immediately available funds (or such other consideration) within the later of (i) five Business Days of the Holder’s election and (ii) the date of consummation of the Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the “Successor Entity”) to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall be added to the term “Company” under this Warrant (so that from and after the occurrence or consummation of such Fundamental Transaction, each and every provision of this Warrant and the other Transaction Documents referring to the “Company” shall refer instead to each of the Company and the Successor Entity or Successor Entities, jointly and severally), and the Successor Entity or Successor Entities, jointly and severally with the Company, may exercise every right and power of the Company prior thereto and the Successor Entity or Successor Entities shall assume all of the obligations of the Company prior thereto under this Warrant and the other Transaction Documents with the same effect as if the Company and such Successor Entity or Successor Entities, jointly and severally, had been named as the Company herein.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

#### Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Issue Date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the “Warrant Register”), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 5.7 of the Purchase Agreement.



e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise; No Settlement in Cash. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3. Without limiting the rights of a Holder to receive Warrant Shares on a “cashless exercise,” and to receive the cash payments contemplated pursuant to Sections 2(d)(i) and 2(d)(iv), in no event will the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then, such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that the right to exercise this Warrant terminates on the Termination Date. Without limiting any other provision of this Warrant or the Purchase Agreement, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered to the address for the Holder that appears in the Company's Warrant Register.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

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*(Signature Page Follows)*

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

**MY SIZE, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**NOTICE OF EXERCISE**

TO: **MY SIZE, INC.**

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

☐ in lawful money of the United States; or

☐ if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

The Warrant Shares shall be delivered to the following DWAC Account Number:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_

Signature of Authorized Signatory of Investing Entity: \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_

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ASSIGNMENT FORM

*(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to exercise the Warrant to purchase shares.)*

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name:

\_\_\_\_\_  
(Please Print)

Address:

\_\_\_\_\_  
(Please Print)

Phone Number:

\_\_\_\_\_

Email Address:

\_\_\_\_\_

Dated: \_\_\_\_\_, \_\_\_\_\_

Holder's Signature:

\_\_\_\_\_

Holder's Address:

\_\_\_\_\_

\_\_\_\_\_

## List of Subsidiaries of My Size, Inc.:

Name	Jurisdiction of Incorporation/Formation
My Size Israel 2014 Ltd.	Israel
Topspin Medical (Israel) Ltd.	Israel
My Size LLC	Russian Federation
Orgad International Marketing Ltd.	Israel
Naiz Bespoke Technologies, S.L	Spain

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements No. 333-257353, No. 333-251679, No. 333-223042, No. 333-221199, No. 333-216414, and 333-213727 on Form S-3 and registration statements No. 333-248237, No. 333-227053, No. 333-222537, and 333-264249 on Form S-8 and registration statements No. 333-261031, No. 333-237959, No. 333-237858 and 333-269467 on Form S-1 of our report dated April 14, 2023, with respect to the consolidated financial statements of My Size Inc.

/s/ Somekh Chaikin

Somekh Chaikin

Member Firm of KPMG International

Tel Aviv, Israel

April 14, 2023

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

I, Ronen Luzon certify that:

1. I have reviewed this Annual Report on Form 10-K 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: April 14, 2023

By: /s/ Ronen Luzon

Ronen Luzon  
Chief Executive Officer  
(Principal Executive Officer)

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

I, Or Kles, certify that:

- 1 I have reviewed this Annual Report on Form 10-K 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: April 14, 2023

By: /s/ Or Kles

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

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

In connection with the Annual Report of My Size, Inc. (the "Company") on Form 10-K for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of, Ronen Luzon and Or Kles, Chief Executive Officer and Chief Financial Officer of the Company, respectively, 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: April 14, 2023

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

Date: April 14, 2023

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

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