

**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, 2021

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>HaYarden 4, 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.

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$22,979,000.

Number of shares of common stock outstanding as of March 14, 2022 was 25,377,528.

Documents Incorporated by Reference: None.

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## 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. 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, 2021 are translated using the rate of NIS 3.11 to \$1.00.

### 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;
- risks related to the COVID-19 pandemic;
- the new and unproven nature of the measurement technology markets;
- our ability to achieve customer adoption of our products;
- our ability to enhance our brand and increase market awareness;
- our ability to introduce new products and continually enhance our product offerings;
- the success of our strategic relationships with third parties;
- information technology system failures or breaches of our network security;
- competition from competitors;
- our reliance on key members of our management team;
- current or future litigation; and
- the impact of the political and security situation in Israel on our business.

The foregoing list sets forth some, but not all, of the factors that could affect our ability to achieve results described in any forward-looking statements. You should read this 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**

MySize is a provider of an innovative artificial intelligence driven measurement solutions that are designed to address shortcomings in multiple verticals, including the e-commerce fashion/apparel, shipping/parcel and do it yourself, or DIY, industries. Currently, we are mainly focusing on the e-commerce fashion/apparel industry. Utilizing our sophisticated algorithms within our proprietary technology, we can calculate and record measurements in a variety of novel ways, and most importantly, increase revenue for businesses across the globe.

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

Our flagship product, 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 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. MySizeID is available for license by retailers and download by consumers on both iOS and Android operating systems.

While we rollout our products to major retailers and apparel companies, there is a lead time for new customers to ramp up before we can recognize revenue. This lead time varies between customers, especially when the customer is a tier 1 retailer, where the integration process may take longer. Generally, first we integrate our product into a customer's online platform, which is followed by piloting and implementation, and, assuming we are successful, commercial roll-out, all of which takes time before we expect it to impact our financial results in a meaningful way. While we have begun generating initial sales revenue, we do not expect to generate meaningful revenue during 2022 from *MySizeID*. Because of the numerous risks and uncertainties associated with the success of our market penetration and our dependence on the extent to which MySizeID is adopted and utilized, we are unable to predict the extent to which we will recognize revenue. We may be unable to successfully develop or market any of our current or proposed products or technologies, those products or technologies may not generate any revenues, and any revenues generated may not be sufficient for us to become profitable or thereafter maintain profitability.

### **Recent Developments**

#### ***Shoshana Zigdon Agreement***

On May 26, 2021, we, My Size Israel 2014 Ltd, or My Size Israel, and Shoshana Zigdon entered into an Amendment to Purchase Agreement, or the Amendment, which made certain amendments to a Purchase Agreement between the parties dated February 16, 2014, or 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 2,500,000 shares of common stock to Ms. Zigdon.

Under the Purchase Agreement prior to the Amendment, Ms. Zigdon had a right to repurchase the Assets until June 16, 2021 at the market price of the Assets as determined by a third party independent valuation. In addition, under the Purchase Agreement prior to the Amendment, Ms. Zigdon would have had a right to receive 18% of My Size Israel's operating profit, directly or indirectly connected with the Assets, together with VAT for a period of seven years from the end of the development period of My Size Israel's measurement solution.

### ***October 2021 Financing***

On October 26, 2021, holders of warrants exercised an aggregate of 2,625,908 shares of common stock in consideration for \$2,889,000. In addition, on the same day, we entered into securities purchase agreements, or the RD Purchase Agreements with several institutional investors, or the Purchasers, pursuant to which we agreed to sell and issue in the RD Offering an aggregate of 2,514,800 of our shares of common stock, or the RD Shares, and, in a concurrent private placement, an aggregate of 1,886,100 unregistered warrants to purchase shares of common stock, or the RD Warrants, at an offering price of \$1.352 per share and associated warrant. In addition, we entered into security purchase agreements, or the PIPE Purchase Agreements, and together with the RD Purchase Agreements, the Purchase Agreements, with the Purchasers pursuant to which we agreed to sell and issue in a PIPE Offering an aggregate of 3,772,208 unregistered shares of common stock, or the PIPE Shares, and together with the RD Shares, the Shares, and unregistered warrants to purchase up to an aggregate of 2,829,156 shares of common stock, or the PIPE Warrants and together with the RD Warrants, the Warrants, at the same purchase price as in the RD Offering. The Offerings closed on October 28, 2021.

The Warrants are immediately exercisable and expire five years from issuance at an exercise price of \$1.26 per share, subject to adjustment as set forth therein. 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, with the Purchasers. Pursuant to the Registration Rights Agreement, we will be 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 in connection with the PIPE Offering, including shares issuable upon exercise of the 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.

Aggregate gross proceeds to us in respect of the Offerings was approximately \$8.5 million, before deducting fees payable to the placement agent and other estimated offering expenses payable by us.

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 us in connection with the Offerings. We paid Wainwright a cash placement fee equal to 7% of the aggregate purchase price for the Shares sold in the Offerings, a management fee of 1% of the aggregate purchase price for the Shares sold in the Offerings, a non-accountable expense allowance of \$35,000, \$50,000 for fees and expenses of legal counsel and clearing expenses of \$15,950. Wainwright also received placement agent warrants, or the Placement Agent Warrants, on substantially the same terms as the Purchasers in the Offering in an amount equal to 7% of the aggregate number of Shares sold in the Offerings, or 440,091 shares, at an exercise price of \$1.69 per share and a term expiring on October 26, 2026.

### ***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 an answer and counterclaim asserting a claim against us pursuant to New York Civil Rights Law Section 70-a, also known as New York's anti-SLAPP statute.

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.

#### ***Nasdaq Minimum Bid Price Deficiency***

On January 3, 2022, we were notified, or the Notification Letter, by the Nasdaq Listing Qualifications that we are not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2), or the Rule, for continued listing on The Nasdaq Capital Market.

The Notification Letter provides that the Company has 180 calendar days, or until July 5, 2022, to regain compliance with the Rule. To regain compliance, the bid price of our common stock must have a closing bid price of at least \$1.00 per share for a minimum of 10 consecutive business days. In the event we do not regain compliance by July 5, 2022, we may then be eligible for additional 180 days if we meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and will need to provide written notice of its intention to cure the deficiency during the second compliance period. If we do not qualify for the second compliance period or fail to regain compliance during the second compliance period, then Nasdaq will notify us of its determination to delist our common stock, at which point we will have an opportunity to appeal the delisting determination to a Hearings Panel.

#### ***Orgad Share Purchase Agreement***

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

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

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

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

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

## Our Solutions

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 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. *MySizeID* is available for license by retailers and download by consumers on both iOS and Android operating systems.
- *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;
- **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;
- **White Label Solution.** Our solutions can be transformed into white label applications at an extra cost to any customer that wants to utilize or embed our technology within their systems; and
- **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. market 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 2020 and 2021, we entered into commercial agreements with Levi's, Nautica, Gant, Lacoste, Trutex, Penti, DeMoulin, UniformMarket, and Tricorp among others. We are in various stages of discussions with U.S. and foreign retailers for the deployment of our 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 Marketplace, 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.
- **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 mass adoption of mobile technologies such as tablets and smartphones has led to a surge of consumer activity online. Tasks that were once primarily brick-and-mortar – shopping for clothes, shipping a package, or buying supplies for a DIY home renovation project – have now shifted to digital, as consumers prefer the convenience of shopping anywhere, anytime.

E-commerce's meteoric rise has been a boon to retailers who can offer shoppers a simple customer experience through desktop or mobile devices. According to Statista, retail e-commerce sales worldwide for 2021 were \$5.0 trillion and this figure is forecast to grow by 50 percent over the next four years, reaching about 7.4 trillion dollars by 2025. 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, a large volume of shopping has migrated online. In a report by McKinsey from 2020, the total global revenue of fashion sales through ecommerce jumped from 16% to 29%. The same year, Shopify recorded that over 150 million people shopped online for the first time. An online shopping trend has enabled retailers to further re-strategize their shopping models to gauge the interest of tech-savvy customers.

As pandemic restrictions slowly begin to ease in the United States and abroad, the shift from online retail back to brick-and-mortar shopping is revving up.

In addition, according to analytics from Meticulous Research, AI in the retail market is expected to grow at a compound annual growth rate of 34.4% from 2020, and is projected to be worth nearly \$20 billion by 2027. AI-powered solutions like virtual assistants, chatbots, virtual try-on, and generated size recommendations can help retailers. The technology extracts accurate customer insight and provides improved shopping experiences to consumers who visit online stores.

The fashion market is one of the fastest growing sectors of online retail – what was already estimated to be an approximately \$758 billion market in 2021 and is projected to increase to over \$1,003 billion by the end of 2025 according to DataFeedWatch. However, conveniences of online shopping, including simple search filters, the ability to purchase apparel without trying it on, and free returns, have led to returns. One of the biggest causes for returns are sizing issues, due in part to a generally standardized sizing system that many retailers and clothing brands have. Despite this universal system, many retailers' clothes fit differently, which leaves consumers guessing what size they need or ordering multiple sizes and returning the ones that do not fit, all at the retailer's expense.

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 22% year over year from \$351 billion in 2019 (reflecting 103 billion parcels) to \$430 billion in 2020 (reflecting 131 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 2021, MySizeID delivered over 21 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 phone 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.

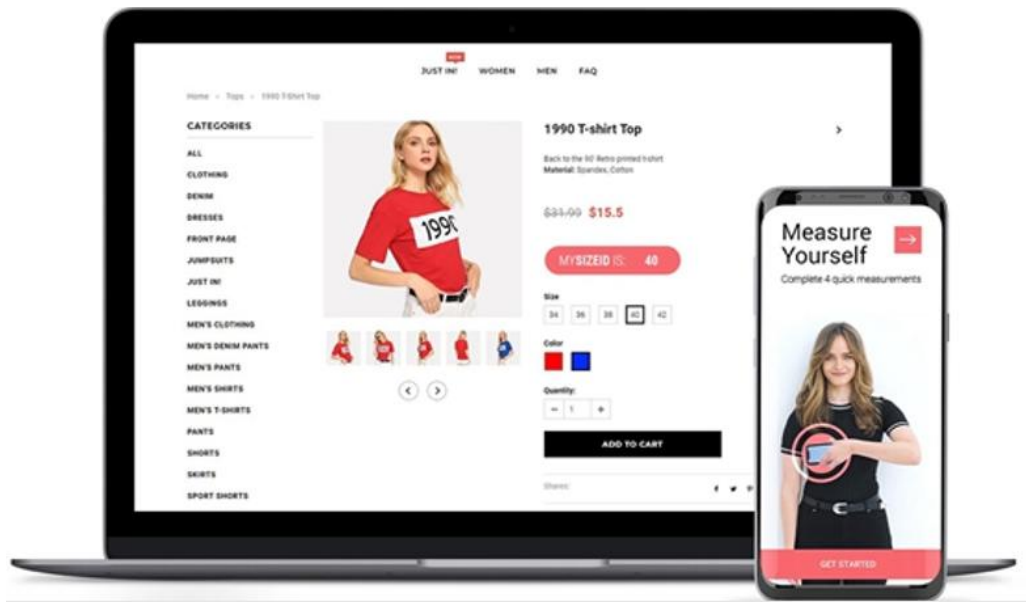


Figure 1: Screenshot of MySizeID on smartphone and e-commerce website

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

- **Mobile App.** MySizeID comes in the form of a native app or as white label app. Our native app can be used “as is” integrated into the retailer’s e-commerce website. Alternatively, it can be white labeled according to the retailer’s needs in a manner that showcases the retailer brand (colors, logo etc.). The retailer can also receive the MySizeID software development kit (SDK), and integrate it into its own existing application so the retailer’s consumers will not have to have two separate apps when shopping online.

During 2021, we introduced a full integration of our e-commerce shoe sizing solution directly to retailers’ websites and added a three-dimensional, or 3D, “Try-It-On” avatar feature. Furthermore, we launched an application for the Evropeyskiy Mall in Russia which is designed to streamline in-person shopping from browsing to point of sale.

- **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 is looking at.

The widget has two features:

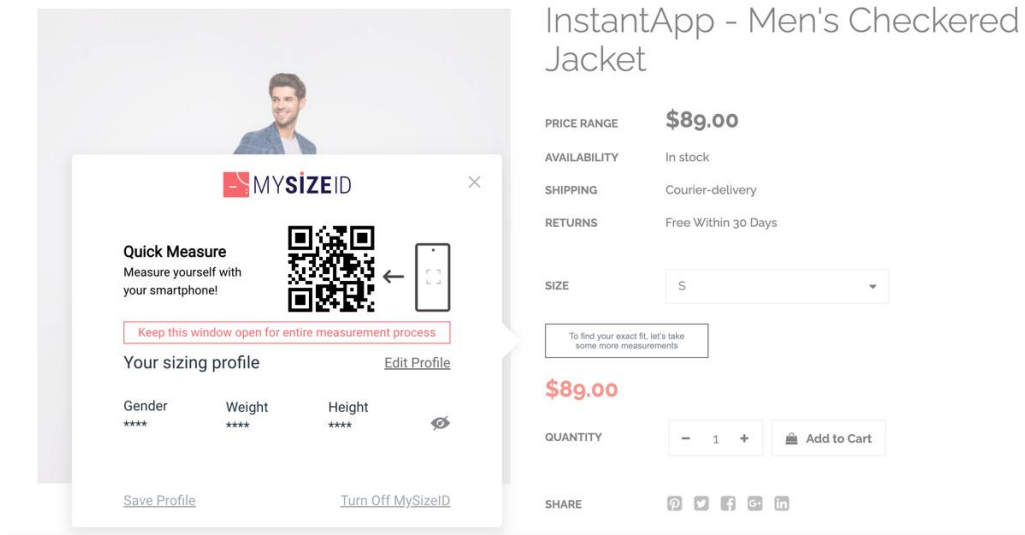
*Manual mode* – which allows the user to obtain size from the following parameters: gender, height and weight only. Thus, we are able to give a size estimation even without having all the measurements made with the app.

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

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. That way a user can 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 retailers needs. In 2021, we changed the *MyDash* system in order 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.

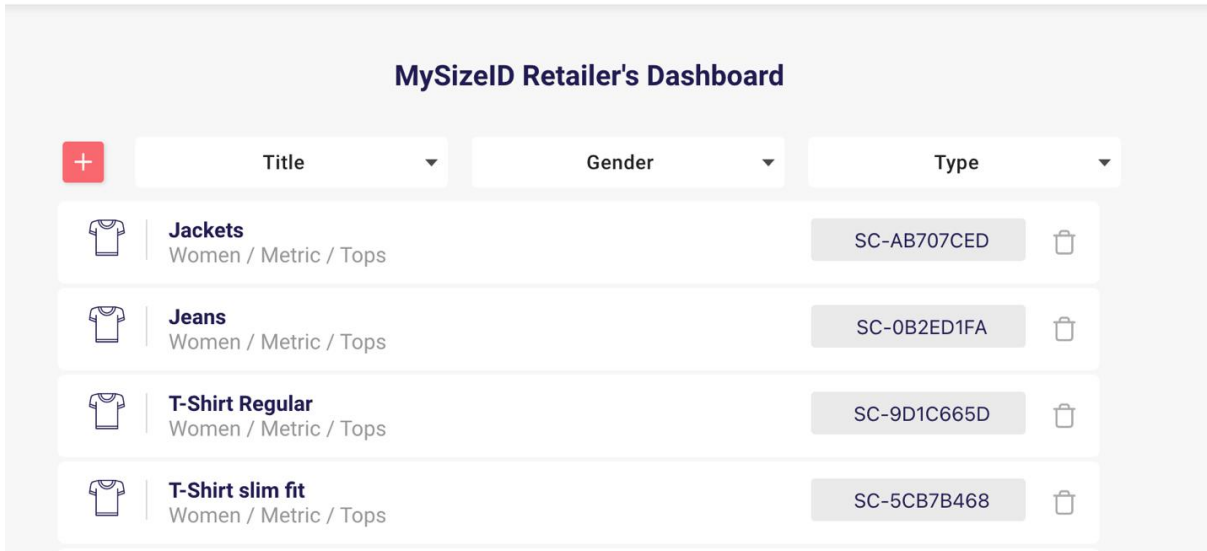


Figure 3: Screenshot of Back-Office System

- FirstLook Smart Mirror.** We recently launched the *MySizeID* FirstLook Smart Mirror which 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.

In addition, we have developed applications for third party ecommerce platforms so that retailers who use those platforms will find our application on the platform’s app store and will be able to easily install it in their store. In February 2020, *MySizeID* became available for online retailers utilizing the Shopify platform. Fashion and apparel retailers using Shopify can deploy the *MySizeID* turnkey solution through the simple integration of the *MySizeID* widget on their site. During 2020 we also released applications for Lightspeed and for WooCommerce which are the biggest ecommerce platform in the market allowing more retailers to easily integrate and use the *MySizeID* solution.

In 2020, we integrated *MySizeID* with Wix, PrestaShop and Bitrix, which is the biggest eCommerce platform in Russia.

#### **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 Katz Delivery Services, LTD***

On November 20, 2015, we entered into an agreement, or the Katz Agreement, with Katz Deliveries, LTD, or Katz, one of the largest courier services in Israel. Pursuant to the Katz Agreement, the parties have agreed to mutually work together to develop and integrate MySize technology with the Katz ERP to monitor the volume of all parcels delivered to it for shipment by its clients. The goal is for Katz to use our technology to help with planning its distribution routes, thus reducing operational costs by adjusting the distribution vehicles to the volume of the shipments.

*KatzID* was developed for Katz and is to be used to measure packages, boxes and pallets at Katz' logistics center. The app allows users to scan the barcode of a package and measure the package dimensions using MySize's *SizeIT* technology (described below) and then subsequently upload the information directly to Katz's back office.

## **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. During 2020, we expanded availability of *SizeUp* to more than 68 different iOS and Android smartphone models worldwide. 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.

## **SizeIT**

We have developed *SizeIT*, a smart measuring tape SDK for both Android and iOS platforms. *SizeIT* provides users with the ability to instantly and accurately measure objects with a quick movement of their mobile device. *SizeIT*, the core technology behind *MySizeID*, *SizeUp*, and *BoxSize* applications, can be embedded into any company's existing or white label mobile app in a short period of time, offering an efficient solution to the escalating costs associated with product sizing issues and returns. *SizeIT* enables users to measure objects by moving their mobile device from one side of an object to another side of the object. Our algorithm utilizes a mobile device's motion sensors to calculate the travelled distance.

## **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 \$4.25 million in 2021 and \$1.5 million in 2020, relating to the development of its applications and technologies. The increase from the corresponding period primarily resulted from share based payment in the amount of \$2.6 million attributed to the share issuance to Ms. Zigdon under that certain 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.

## **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 18, 2022, we have nine sales offices in the following countries: US, UK, France, Netherlands, Turkey, Russia, 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, 2021, we owned eighteen issued patents: six in Europe, four in the US, three in each of Russia and Japan and one each in Canada and Israel which expire between January 20, 2033 and August 18, 2036, and we have three 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 programming languages used to develop applications, devices, operating systems, and technology landscape result in evolving customer requirements. Our competitors include True Fit, Virtusize, EasyMeasure, AR MeasureKit, Smart Measure and 3DLook.

The principal competitive factors in our market include the following:

- 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 are 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 14, 2022, we had a total of 32 employees, of which 30 were full-time employees, including 13 in sales and marketing, 14 in technology and development and 5 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 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 are committed to the health and safety of our employees. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. This includes having employees work from home, while implementing additional safety measures for employees continuing critical on-site work.

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 2021. We have continued to improve gender balance in 2021 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 Metamorex Ltd., or Metamorex. Metamorex 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 Metamorex.

In September 2013, Ronen Luzon, our Chief Executive Officer, acquired control of the Company from Asher Shmuelevitch, according to which Mr. Luzon purchased 1,755,950 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 2,500,000 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**

- We may never successfully develop any products or generate revenues.
- 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.
- Our business may be adversely affected by the impact of the COVID-19 pandemic.
- 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 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 Apps and custom development services.
- Our growth depends, in part, on the success of our strategic relationships with third parties.
- 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.
- Information technology system failures or breaches of our network security could interrupt our operations and adversely affect 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 prohibit us from 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.
- 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 applicable to other public companies generally.

### **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 \$10.5 million and \$6.2 million for the years ended December 31, 2021 and 2020 and had an accumulated deficit of \$45.1 million as at December 31, 2021. Because of the numerous risks and uncertainties associated with the development 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 limited 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, we believe we have sufficient cash to fund our obligations for at least 12 months. Nevertheless, due to the recent acquisition of Orgad (see "Item 1. Business-Recent Developments-Orgad Share Purchase Agreement") there is uncertainty regarding the expected cash burn in the foreseeable future, and as such 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 pressures;
- comply with regulatory requirements; and
- maintain compliance with applicable laws.

Current conditions in the capital markets are such that traditional sources of capital may not be available to us when needed or may be available only on unfavorable terms. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions, the impact of the COVID-19 outbreak 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.

***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.***

We have 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. Our audited consolidated financial statements for the year ended December 31, 2021 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, 2021. 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**

***We may never successfully develop any products or generate significant revenues.***

We only recently transitioned into the commercialization phase of our products and have only generated minimal revenues to date. We may be unable to successfully develop or market any of our current or proposed products or technologies, those products or technologies may not generate any revenues, and any revenues generated may not be sufficient for us to become profitable or thereafter maintain profitability.

***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.

***Our business may be adversely affected by the impact of 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 has now spread to Israel and the United States, and infections have been reported globally. Many countries around the world, including in Israel, have 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 resulted in work stoppages and other disruptions. We implemented remote working and work place protocols for our employees in accordance with Israeli government requirements. In addition, while we have seen an increased demand for MySizeID, the COVID-19 pandemic has had a particularly adverse impact on the retail industry and this has resulted in an adverse impact on our marketing and sales activities. For example, we have three ongoing pilots with international retailers that have been halted, we are unable to participate physically in industry conferences, our ability to meet with potential customers is limited, and in certain instances sales processes have been delayed or cancelled. The extent to which COVID-19 continues to impact our operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain COVID-19 or treat its impact.

In particular, the continued spread of COVID-19 in Israel and globally 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 coronavirus could have an adverse impact on our business and our financial results.

***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.***

As we seek adoption of our products by U.S. retailers, we expect to incur higher costs and long sales cycles, especially as a result of the COVID-19 pandemic. 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 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. 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 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 2,790,049 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.

***Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business.***

Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and subject us to litigation or actions by regulatory authorities. Although we employ both internal resources and external consultants to conduct auditing and testing for weaknesses in our systems, controls, firewalls and encryption and intend to maintain and upgrade our security technology and operational procedures to prevent such damage, breaches or other disruptive problems, there can be no assurance that these security measures will be successful.

***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. We have been issued ten patents, three of each in of Russia and the US and one each in Canada, Japan and Israel, and have several patent applications in process. 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 "Item 1. Business -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.

**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 and March 2, 2020. 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 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 25,377,528 are currently outstanding as of March 14, 2022, 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.

***A number of our outstanding warrants contain anti-dilution provisions that, if triggered, could cause substantial dilution to our then-existing stockholders and adversely affect our stock price.***

A number of our outstanding warrants contain anti-dilution provisions. As a result, if we, in the future, issue or grant any rights to purchase any of our common stock or other securities convertible into our common stock, for a per share price less than the exercise price of certain of our warrants, the exercise price will be reduced, subject to certain exceptions. To the extent that we issue or are or deemed to have issued securities for consideration that is less than the exercise price of those warrants, holders of our common stock may experience dilution, which may be substantial and which could lower the market price of our securities. Further, the potential application of such anti-dilution rights may prevent us from seeking additional financing, which would adversely affect our ability to finance our operations and continue to support our growth initiatives.

***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.

On January 3, 2022, we were notified, or the Notification Letter, by the Nasdaq Listing Qualifications that we are not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2), or the Rule, for continued listing on The Nasdaq Capital Market.

The Notification Letter provides that the Company has 180 calendar days, or until July 5, 2022, to regain compliance with the Rule. To regain compliance, the bid price of our common stock must have a closing bid price of at least \$1.00 per share for a minimum of 10 consecutive business days. In the event we do not regain compliance by July 5, 2022, we may then be eligible for additional 180 days if we meet the continued listing requirement for market value of publicly held shares and all other initial listing standards for The Nasdaq Capital Market, with the exception of the bid price requirement, and will need to provide written notice of its intention to cure the deficiency during the second compliance period. If we do not qualify for the second compliance period or fail to regain compliance during the second compliance period, then Nasdaq will notify us of its determination to delist our common stock, at which point we will have an opportunity to appeal the delisting determination to a Hearings Panel.

No assurance can be given that we will be able to regain 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 14, 2022, we had outstanding warrants to acquire 7,206,603 shares of our common stock and stock options to purchase 1,100,218 shares of our common stock, which warrants and options are exercisable for prices ranging between \$0.65 and \$15. The expiration of the term of such options and warrants range from 0.05 years to 4.6 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 sold 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.

#### **ITEM 3. LEGAL PROCEEDINGS**

##### ***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. 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. The return date on the motion to reargue is scheduled for May 2, 2022.

We intend to vigorously defend any claims made by North Empire.

##### ***Fidelity Venture Capital Ltd***

On July 5, 2021, we were served with a legal complaint filed by Fidelity Venture Capital Ltd. and Dror Atzmon in the Magistrate’s Court in Tel Aviv for a monetary award in an amount of NIS 1,436,679 (approximately \$450,000) and a declaratory relief. The plaintiffs allege that we breached our contractual obligations to pay them for services allegedly rendered to the us by the plaintiffs under a certain consulting agreement dated July 2, 2014, in an amount of NIS 819,000 (approximately \$256,000). Additionally, the plaintiffs allege that we should compensate them for losses allegedly incurred by them following their investment in the sour shares issued under a certain private offering. In the alternative, the plaintiffs move that the court will declare the investment agreement void with full restitution of plaintiffs’ original investment in an amount of NIS 1,329,650 (approximately \$415,000). We filed our 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.

#### **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 14, 2022, we had 58 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.

#### Stockholder Rights Plan

On November 24, 2021, our Board of Directors approved the adoption of a stockholder rights plan, or the Rights Plan, which was subsequently approved by our shareholders at our annual shareholder meeting on December 30, 2021. As of the date hereof, the Rights Plan has not been entered into. See our Definitive Proxy Statement filed with the SEC on December 6, 2021 for a further description of the Rights Plan.

## ITEM 6. [Reserved]

## 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

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

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

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

While we rollout our products to major retailers and apparel companies, there is a lead time for new customers to ramp up before we can recognize revenue. This lead time varies between customers, especially when the customer is a tier 1 retailer, where the integration process may take longer. Generally, first we integrate our product into a customer's online platform, which is followed by piloting and implementation, and, assuming we are successful, commercial roll-out, all of which takes time before we expect it to impact our financial results in a meaningful way. While we have begun generating initial sales revenue, we do not expect to generate meaningful revenue during 2022 from *MySizeID*. Because of the numerous risks and uncertainties associated with the success of our market penetration and our dependence on the extent to which *MySizeID* is adopted and utilized, we are unable to predict the extent to which we will recognize revenue. We may be unable to successfully develop or market any of our current or proposed products or technologies, those products or technologies may not generate any revenues, and any revenues generated may not be sufficient for us to become profitable or thereafter maintain profitability.

In February 2022, we completed the acquisition of Orgad, which operates an omnichannel e-commerce platform (see "Item 1. Business-Recent Developments-Orgad Share Purchase Agreement"). We expect our revenues and corresponding expenses to increase as result of the Orgad acquisition however we are unable to predict the extent to which we will recognize revenue. The ultimate success of this acquisition will depend, in part, on our ability to realize the anticipated synergies and growth opportunities from integrating the Orgad business into our existing business. Since the acquisition occurred after fiscal year end, our consolidated financial statements for the years ended December 31, 2021 and 2020 do not reflect the results of operation of Orgad.

## Results of Operations

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

	Year ended December 31	
	2021	2020
	(dollars in thousands)	
Revenues	131	142
Cost of revenues	-	(2)
Gross profit	131	140
Research and development expenses	(4,248)	(1,523)
Sales and marketing	(2,336)	(2,196)
General and administrative	(4,124)	(2,567)
Operating loss	(10,577)	(6,146)
Financial income (expenses), net	57	(11)
Net loss	<u>\$ (10,520)</u>	<u>\$ (6,157)</u>

### Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

#### *Revenues*

From inception through December 31, 2018, we did not generate any revenue from operations and we expect to continue 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, 2021 amounted to \$131,000 compared to \$142,000 for year ended December 31, 2020. The decrease from the corresponding period primarily resulted from fees from customer projects in the corresponding period compared to none, offset by increase in recurring revenues generated by traffic, as measured by the MySizeID engine per its license agreements.

#### *Research and Development Expenses*

Our research and development expenses for the year ended December 31, 2021 amounted to \$4,248,000 an increase of \$2,725,000, or approximately 179%, compared to \$1,523,000 for the year ended December 31, 2020. The increase from the corresponding period primarily resulted from share based payment in amount of \$2,618,000 attributed to the share issuance to Shoshana Zigdon under the Amendment to Purchase Agreement dated May 26, 2021 offset by a reduction in share based payment expenses to employees.

#### *Sales and Marketing Expenses*

Our sales and marketing expenses for the year ended December 31, 2021 amounted to \$2,336,000, an increase of \$140,000, 6.4%, compared to \$2,196,000 for the year ended December 31, 2020. The increase in comparison with the corresponding period was mainly due to an increase in payments to consultants.

#### *General and Administrative Expenses*

Our general and administrative expenses for the year ended December 31, 2021 amounted to \$4,124,000, an increase of \$1,557,000, 60.6%, compared to \$2,567,000 for the year ended December 31, 2020. The increase in comparison with the corresponding period was mainly due to an increase in professional expenses, mainly attributed to shareholder activism including settlement expenses with the Lazar Parties offset by a decrease in shared-based payments. During 2021, we had an expense of \$98,000 in respect of stock-based payments, compared to an expense of \$276,000 in 2020.

#### *Operating Loss*

As a result of the foregoing, for the year ended December 31, 2021, our operating loss was \$10,577,000, an increase of \$4,431,000, or 72%, compared to our operating loss for the year ended December 31, 2020 of \$6,146,000.

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

Our financial income, net for the year ended December 31, 2021 amounted to \$57,000 as opposed to financial expenses, net of \$11,000 for the year ended December 31, 2020. In 2021, we had financial income mainly derived from revaluation of investment in marketable securities whereas in the corresponding period we had financial expenses mainly from exchange rate differences offset by income from revaluation of investment in marketable securities.

### ***Net Loss***

As a result of the foregoing, research and development, marketing general and administrative expenses, and initial revenues, our net loss for the year ended December 31, 2021 was \$10,520,000 compared to net loss of \$6,157,000 for the year ended December 31, 2020. The increase in the net loss was mainly due to the reasons mentioned above.

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

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

As of December 31, 2021, we had cash, cash equivalents and restricted cash of \$10,943,000 compared to \$1,774,000 cash, cash equivalents, restricted cash as of December 31, 2020 and 184,000 short-term restricted deposit as of December 31, 2020. This increase primarily resulted from public offerings that we completed in January and March 2021, including the overallotment that closed in May 2021, private and public offerings that we completed in October 2021 and proceeds from warrants that were exercised, as further described below.

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

Also on October 26, 2021, we entered into the RD Purchase Agreements with the Purchasers, pursuant to which the Company agreed to sell and issue an aggregate of 2,514,800 RD Shares, and, in a concurrent private placement, an aggregate of 1,886,100 RD Warrants, at an offering price of \$1.352 per share and associated warrant. In addition, we entered into the PIPE Purchase Agreements, with the Purchasers pursuant to which we agreed to sell and issue in a PIPE Offering an aggregate of 3,772,208 PIPE Shares, and 2,829,156 PIPE Warrants at the same purchase price as in the RD Offering. See "Item 1. Business-Recent Developments-October 2021 Financing" for more information regarding this transaction.

In addition, on March 25, 2021, we completed an underwritten public offering of our common stock pursuant to which we issued 2,618,532 shares of our common stock at a public offering price of \$1.28 per share for gross proceeds of \$3,300,000. We received net proceeds of approximately \$2,904,000, after deducting the underwriting discounts and commissions and estimated offering expenses. Subsequently on May 7, 2021, we issued an additional 392,780 shares of our common stock in connection with the full exercise of the underwriter's overallotment option from the March 2021 public offering resulting in additional net proceeds of approximately \$463,000, after deducting underwriting discounts and commissions. Prior to that, on January 8, 2021, we completed an underwritten public offering of our common stock pursuant to which we issued 1,569,179 shares of our common stock at a public offering price of \$1.28 per share for gross proceeds of \$2,008,000. We received net proceeds of approximately \$1,700,000, after deducting the underwriting discounts and commissions and estimated offering expenses. Furthermore, in January and February 2021, a holder of warrants exercised warrants to purchase 725,000 of our ordinary shares in exchange for \$0.8 million.

Net cash used in operating activities was \$7,297,000 for the year ended December 31, 2021 compared to \$5,679,000 for the year ended December 31, 2020. The increase in cash used in operating activity is derived mainly from increase in the net loss.

Net cash provided by investing activities for the year ended December 31, 2021 was \$161,000 as opposed to net cash used in investing activities of \$211,000 for the year ended December 31, 2020. The net cash provided by investing activities for the year ended December 31, 2021 was mainly attributed to proceeds from short term restricted deposits as opposed to investment in short-term restricted deposits during the year ended December 31, 2020.

We had positive cash flow from financing activities net of issuance costs of \$16,292,000 for the year ended December 31, 2021 compared to \$6,094,000 for the year ended December 31, 2020. The cash flow from financing activities for the year ended December 31, 2021 was due to the proceeds from public offerings of our securities and proceeds from the exercise of outstanding warrants.

We do not have any material commitments for capital expenditures during the next twelve months. Taking into account the proceeds from warrant exercises and our financing in October 2021, managements believes that cash on hand will be sufficient to meet its obligations. Nevertheless, due to the recent acquisition of Orgad (see "Item 1. Business-Recent Developments Orgad Share Purchase Agreement") there is uncertainty regarding the expected cash burn in the foresee future, and as such there is substantial doubt about our ability to continue as a going concern. We will need to raise additional capital, which may not be available on reasonable terms or at all. Additional capital would be used to accomplish the following:

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

Current conditions in the capital markets are such that traditional sources of capital may not be available to us when needed or may be available only on unfavorable terms. Our ability to raise additional capital, if needed, will depend on conditions in the capital markets, economic conditions, the impact of the COVID-19 pandemic, the Russian invasion of Ukraine, and a number of other factors, many of which are outside our control, and on our financial performance. Accordingly, we cannot assure you that we will be able to successfully raise additional capital at all or on terms that are acceptable to us. If we cannot raise additional capital when needed, it may have a material adverse effect on our business, results of operations and financial condition.

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

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

### **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.

### **Critical Accounting Estimates**

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

Our significant accounting policies were revenue from contracts with customers which are more fully described in the notes to our financial statements appearing elsewhere in this Annual Report on Form 10-K. We believe that these accounting policies discussed are critical to our financial results and to the understanding of our past and future performance, as these policies relate to the more significant areas involving management’s estimates and assumptions. We consider an accounting estimate to be critical if: (1) it requires us to make assumptions because information was not available at the time or it included matters that were highly uncertain at the time we were making our estimate; and (2) changes in the estimate could have a material impact on our financial condition or results of operations.

### **ITEM 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, 2021

U.S. DOLLARS IN THOUSANDS

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## 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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2021, 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. We determined that there are no critical audit matters.

*/s/ Somekh Chaikin*

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Somekh Chaikin

Member Firm of KPMG International

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

Tel Aviv, Israel

March 18, 2022



**CONSOLIDATED BALANCE SHEETS**

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

	Note	December 31,	
		2021	2020
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	3	10,670	1,689
Restricted cash		273	85
Restricted deposit		-	184
Accounts receivable		40	28
Other receivables and prepaid expenses	4	579	482
<b>Total current assets</b>		<b>11,562</b>	<b>2,468</b>
Property and equipment, net	5	112	128
Right-of-use asset	6	776	911
Investment in marketable securities	8	108	59
		996	1,098
<b>Total assets</b>		<b>12,558</b>	<b>3,566</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities:</b>			
Operating lease liability	6	138	129
Trade payables		635	381
Accounts payable		453	400
Warrants and derivatives	8	2	1
<b>Total current liabilities</b>		<b>1,228</b>	<b>911</b>
Operating lease liability	6	473	579
<b>Total non-current liabilities</b>		<b>473</b>	<b>579</b>
CONTINGENCIES AND COMMITMENTS	12		
<b>Total Liabilities</b>		<b>1,701</b>	<b>1,490</b>
SHAREHOLDERS' EQUITY	10		
Stock capital -			
Common stock of \$0.001 par value - Authorized: 100,000,000 shares; Issued and outstanding: 23,982,503 and 7,232,836, respectively		24	7
Additional paid-in capital		56,430	37,164
Accumulated other comprehensive loss		(406)	(424)
Accumulated deficit		(45,191)	(34,671)
<b>Total shareholders' equity</b>		<b>10,857</b>	<b>2,076</b>
<b>Total liabilities and shareholders' equity</b>		<b>12,558</b>	<b>3,566</b>

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,	
		2021	2020
<b>Revenues</b>		131	142
<b>Cost of revenues</b>		-	(2)
<b>Gross profit</b>		131	140
<b>Operating expenses</b>			
Research and development		(4,248)	(1,523)
Sales and marketing	13	(2,336)	(2,196)
General and administrative	14	(4,124)	(2,567)
Total operating expenses		(10,708)	(6,286)
Operating loss		(10,577)	(6,146)
Financial income (expense), net	15	57	(11)
Net loss		(10,520)	(6,157)
<b>Other comprehensive income (loss):</b>			
Foreign currency translation differences		18	115
<b>Total comprehensive loss</b>		(10,502)	(6,042)
Basic and diluted loss per share		(0.71)	(1.11)
Basic and diluted weighted average number of shares outstanding		10,509,622	5,539,700

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)

	Common stock		Additional paid-in capital	Accumulated other comprehensive	Accumulated Deficit	Total stockholders' equity
	Number	Amount		loss		
Balance as of December 31, 2019	2,085,900	2	30,102	(539)	(28,514)	1,051
Stock-based compensation related to options granted to employees and consultants	-	-	645	-	-	645
Issuance of shares, net of issuance cost of \$1,160	2,439,802	3	5,992	-	-	5,995
Exercise of warrants and pre funded warrants	2,707,134	2	97	-	-	99
Liability reclassified to equity (**)	-	-	328	-	-	328
Total comprehensive loss	-	-	-	115	(6,157)	(6,042)
Balance as of December 31, 2020	7,232,836	7	37,164	(424)	(34,671)	2,076
Stock-based compensation related to options granted to employees and consultants	-	-	373	-	-	373
Exercise of options granted to employees	4,458	(*)	-	-	-	-
Restricted shares issued to shareholder (***)	2,500,000	3	2,615	-	-	2,618
Issuance of shares, net of issuance cost of \$1,160	10,867,499	11	12,572	-	-	12,583
Exercise of warrants	3,377,710	3	3,706	-	-	3,709
Total comprehensive income (loss)	-	-	-	18	(10,520)	(10,502)
Balance as of December 31, 2021	23,982,503	24	56,430	(406)	(45,191)	10,857

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

(\*\*) See note 2 b

(\*\*\*) 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,	
	2021	2020
<b>Cash flows from operating activities:</b>		
Net loss	(10,520)	(6,157)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	42	40
Amortization of operating lease right-of-use asset	43	42
Revaluation of warrants and derivatives	1	-
Revaluation of investment in marketable securities	(49)	(33)
Restricted Shares issued to shareholder	2,618	-
Stock based compensation	373	645
(Increase) decrease in accounts receivable	(12)	13
Increase in other receivables and prepaid expenses	(99)	(155)
(Decrease) increase in trade payables	253	(69)
(Decrease) increase in accounts payables	53	(5)
Net cash used in operating activities	<u>(7,297)</u>	<u>(5,679)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from short-term deposits, net	-	-
Proceeds from (investment in) restricted deposits, net	184	(170)
Investment in right to use asset	-	(25)
Purchase of property and equipment	<u>(23)</u>	<u>(16)</u>
Net cash provided by (used in) investing activities	<u>161</u>	<u>(211)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of shares, net of issuance costs	12,583	5,995
Proceeds from exercise of warrants and pre funded warrants	-	99
Proceeds from exercise of warrants	<u>3,709</u>	<u>-</u>
Net cash provided by financing activities	<u>16,292</u>	<u>6,094</u>
Effect of exchange rate fluctuations on cash and cash equivalents	13	104
Increase (Decrease) in cash and cash equivalents and restricted cash	9,169	308
Cash and cash equivalents and restricted cash at the beginning of the year	<u>1,774</u>	<u>1,466</u>
Cash and cash equivalents and restricted cash at the end of the year	<u><u>10,943</u></u>	<u><u>1,774</u></u>

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

**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.

The Company has three subsidiaries, My Size Israel 2014 Ltd. (“My Size Israel”) and Topspin Medical (Israel) Ltd., both of which are incorporated in Israel and My Size LLC which was incorporated in Russian Federation. 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 2,500,000 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 \$45,191. 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. Taking into account the proceeds from warrant exercises and the Company's financing in October 2021 described in note 10c and 10f below management believes that cash on hand will be sufficient to meet its obligations. Nevertheless, due to the recent acquisition of Orgad (as described in note 16a below) there is uncertainty regarding the expected cash burn in the foreseeable future, and as such 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 operates in one reportable segment and all of its long-lived assets are located in Israel.
- f. In late 2020, a novel strain of COVID-19, also known as coronavirus, was reported in Wuhan, China. While initially the outbreak was largely concentrated in China, it has now spread to Israel and the United States, and infections have been reported globally. Many countries around the world, including in Israel, have significant governmental measures being implemented to control the spread of the virus, including temporary closure of businesses, severe restrictions on travel and the movement of people, and other material limitations on the conduct of business. These measures have resulted in work stoppages and other disruptions. The Company has implemented remote working and work place protocols for its employees in accordance with government requirements. In addition, while the Company has seen an increased demand for MySizeID, the COVID-19 pandemic has had a particularly adverse impact on the retail industry and this has resulted in an adverse impact on the Company's marketing and sales activities. The extent to which COVID-19 continues to impact the Company's operations will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration and severity of the outbreak, and the actions that may be required to contain COVID-19 or treat its impact.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

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.

- 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 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.

**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. 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	7-15
Leasehold improvements	Over the term of the lease or the useful life of the improvements, whichever is shorter

## f. 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, 2021 and 2020, no impairment losses have been recorded.

## g. 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.

**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.)**

## h. 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.

## i. 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, 2021, and 2020, 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 such, as of December 31, 2021 and 2020 the Company has not recorded a liability for unrecognized tax benefits.

## j. 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.)**

## k. 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 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 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.

## l. 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, 2021 and 2020, all outstanding options and warrants have been excluded from the calculation of the diluted net loss per share since their effect was anti-dilutive.

## m. 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 and United States. Such deposits in Israel 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.)**

n. Revenue from contracts with customers:

The Company implemented ASC 606, Revenue from Contract with Customers.

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

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

The Company's revenue is derived from License cloud-enabled software subscriptions, associated software maintenance and support.

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

*Product, Subscription and Services Offerings*

Such performance obligations 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.)**

o. 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.

p. Derivative instruments

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

q. Leases

The Company implemented ASU 2016-02, Leases (Topic 842) (“ASU 2016-02”). ASU 2016-02 is intended to increase transparency and comparability of accounting for lease transactions. For all leases with terms greater than twelve months, the guidance requires lessees to recognize right-of-use assets and corresponding lease liabilities on the balance sheet and to disclose qualitative and quantitative information about lease transactions. The standard maintains a distinction between finance leases and operating 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.

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.

p. Restricted cash

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

**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, 2021 and 2020 is denominated in the following currencies:

	December 31,	
	2021	2020
US Dollars	10,184	1,217
New Israeli Shekels	433	455
Other	53	17
	<u>10,670</u>	<u>1,689</u>

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

	December 31,	
	2021	2020
Prepaid expenses and other current assets	429	413
Government authorities	17	19
Other	133	50
Total	<u>579</u>	<u>482</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, 2020	156	52	55	263
Additions	16	-	-	16
Disposals	(2)	-	-	(2)
Translation adjustments	12	6	5	23
Balance as at December 31, 2020	<u>182</u>	<u>58</u>	<u>60</u>	<u>300</u>
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>
<b>Accumulated Depreciation</b>				
Balance as at January 1, 2020	112	8	2	122
Additions	26	5	9	40
Disposals	(2)	-	-	(2)
Translation adjustments	10	1	1	12
Balance as at December 31, 2020	<u>146</u>	<u>14</u>	<u>12</u>	<u>172</u>
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>
<b>Carrying amounts</b>				
As at December 31, 2020	36	44	48	128
As at December 31, 2021	<u>33</u>	<u>40</u>	<u>39</u>	<u>112</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. Monthly rent payments including utilities amounting to approximately USD 14 (NIS 45,000) per month.

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

Approximate future minimum remaining rental payments due under these leases are as follows:

Year Ending:		
2022	\$	175
2023	\$	184
2024	\$	184
2025	\$	123

These leases generally have terms which range from 1 year to 6 years, and often include one or more options to renew. These renewal terms can extend the lease term from 1 year to 6 years, and are included in the lease term when it is reasonably certain that the Company will exercise the option. These operating leases are included in "Right of use asset" on the Company's December 31, 2021 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, 2021 consolidated balance sheets. As of December 31, 2021, right-of-use of asset was \$776. operating lease liabilities were \$138 and non current Operating lease liabilities were \$473. Right-of-use asset includes the capitalization of improvements (net of amortization) amounting to \$164.

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 8.69%.

Maturities of lease liabilities as of December 31, 2021 were as follows:

Year Ending:		
2022	\$	180
2023	\$	191
2024	\$	191
2025	\$	127
Thereafter	\$	689
Less imputed interest:	\$	(78)
Total lease liabilities	\$	611

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 7 - RELATED PARTY TRANSACTIONS**A. Balances with related parties:

The following related party payables are included in trade payables and accounts payable.

	December 31,	
	2021	2020
Officers (*)	43	38
Directors	20	11
	<u>63</u>	<u>49</u>

(\*) The amount includes the net salary payable.

B. Related parties benefits:

	Year ended December 31,	
	2021	2020
Salaries and related expenses	852	788
Share based payments	73	467
Directors	58	48
	<u>983</u>	<u>1,303</u>

**NOTE 8 - 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:

	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 and derivative	-	2	-

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 8 - 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, 2021, 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 \$49 and \$108, respectively (at December 31, 2020 33 and \$59, respectively).

**NOTE 9 - TAXES ON INCOME**

- a. On December 31, 2021, the Company had U.S. federal net operating loss carryforwards of approximately \$26,000 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 2013.

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:

2021 - 23%  
2020 - 23%

2. The Company's Israeli subsidiaries have estimated total available carryforward operating tax losses for Israeli income tax purposes of approximately \$64,000 as of December 31, 2021. Of these losses, a total of \$47,500 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 2014 Ltd 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 2015.

- c. U.S. and foreign components of loss from continuing operations, before income taxes consisted of:

	December 31,	
	2021	2020
U.S	(3,802)	(2,334)
Non-U.S. (foreign)	(6,718)	(3,823)
	<u>(10,520)</u>	<u>(6,157)</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 9 - 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:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Deferred tax assets:		
Operating loss carryforwards	20,238	18,177
Warrants and options	126	98
Marketable securities	377	367
Other temporary differences	341	326
Deferred tax assets before valuation allowance	21,082	18,968
Valuation allowance	(21,082)	(18,968)
Net deferred tax asset	-	-

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

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Balance at beginning of the year	18,968	17,210
Additions in valuation allowance to the income statement	1,625	991
Additions in valuation allowance due to exchange rate differences	489	767
Balance at end of the year	21,082	18,968

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:

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
Loss before income taxes	10,520	6,157
Statutory tax rate	21%	21%
Computed "expected" tax income	2,209	1,293
Foreign tax rate differences and exchange rate differences	131	65
Nondeductible expenses	(715)	(367)
Change in valuation allowance	(1,625)	(991)
Taxes on income	-	-



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 10 - 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 1,569,179 shares of its common stock for gross proceeds of \$2,008. The net proceeds to the Company from the offering were approximately \$1,700, after deducting placement agent's fees and other estimated offering expenses payable by the Company.
- c. During 2021, a holders of warrants exercised warrants to purchase 3,377,710 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 2,618,532 shares of its common stock for gross proceeds of \$3,300. The net proceeds to the Company from the offering were approximately \$2,872, after deducting placement agent's fees and other estimated offering expenses payable by the Company.

On May 7, 2021, the Company issued an additional 392,780 shares of the Company's common stock in connection with the full exercise of the underwriter's overallotment option granted in the Company's March 2021 public offering. These additional shares were sold to the underwriter at a public offering price of \$1.26 per share, resulting in additional net proceeds to the Company, net of the underwriting discount, of approximately \$463.

- e. On May 26, 2021, the Company issued 2,500,000 shares of common stock to Ms. Zigdon in consideration of the Waiver. See note 1(b) above.
- f. On October 28, 2021, the Company sold in a registered direct offering 2,514,800 shares of its common stock and, in a concurrent private placement, an aggregate of 1,886,100 unregistered warrants to purchase shares of common stock, at an offering price of \$1.352 per share and associated warrant. In addition, on the same day, the Company sold in a private placement 3,772,208 unregistered shares of common stock and unregistered warrants to purchase up to an aggregate of 2,829,156 shares of common stock at the same purchase price as in the registered direct offering. The warrants are immediately exercisable and will expire five years from issuance at an exercise price of \$1.26 per share, subject to adjustment as set forth therein. The gross proceeds from the offerings were \$8,500. The net proceeds to the Company from the offerings were approximately \$7,560, after deducting placement agent's fees and other estimated offering expenses payable by the Company. In connection with the offerings, the Company issued to the placement agent warrants to purchase 440,091 shares on substantially the same terms as the purchasers in the offerings at an exercise price of \$1.69 per share and a term expiring on October 26, 2026.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 10 - SHAREHOLDERS' EQUITY (Cont.)**

g. A summary of the warrant activity during the years ended December 31, 2021 and 2020 is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Life in Years
Outstanding, December 31, 2019	144,277	4.1	3.06
Issued	5,363,870		-
Expired or exercised	(86,681)		-
Outstanding, December 31, 2020	5,421,466	1.47	4.26
Issued	5,155,347		
Expired or exercised	(3,377,710)		
Outstanding, December 31, 2021	7,199,103	1.24	4.35
Exercisable, December 31, 2021	7,199,103	1.24	4.35

**NOTE 11 - 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,	
	2021	2020
Stock-based compensation expense - Research and development	95	206
Stock-based compensation expense - Sales and marketing	180	146
Stock-based compensation expense - General and administrative	98	293
	373	645

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 11 - 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 2,667 shares of the Company’s common stock upon execution of the agreement. The options are exercisable at \$15.00 per share and shall vest in 3 equal instalments every twelve months starting July 2019. Unexercised options shall expire 4 years from the effective date.

In addition, the Company agreed to issue to Consultant14 options to purchase up to 22,233 shares of the Company’s common stock upon execution of the agreement. The options are exercisable at \$1.08 per share and shall vest in 4 equal instalments every six months starting September 2020. Unexercised options shall expire 5 years from the effective date.

During 2021 and 2020, an amount of \$14 and \$8 respectively, were recorded by the Company as stock-based equity awards with respect to Consultant14.

- b. In April 2020, the Company entered into a twelve month agreement with a consultant (“Consultant16”) to provide services to the Company including assisting the Company to promote, market and sell the Company’s technology to potential customers. Pursuant to said agreement and in partial consideration for such consulting services, the Company agreed to issue to Consultant16 options to purchase up to 6,000 shares of the Company’s common stock upon execution of the agreement. The options are exercisable at \$2.00 per share and shall vest in 4 equal instalments every three months starting May 2020. Unexercised options shall expire 18 month from the effective date.

During 2021 and 2020, an amount of \$1 and \$1 respectively, were recorded by the Company as stock-based equity awards with respect to Consultant16.

- c. In October 2020, the Company entered into a twelve month agreement with a consultant (“Consultant17”) to provide services to the Company including assisting the Company to promote, market and sell the Company’s technology to potential customers. Pursuant to said agreement and in partial consideration for such consulting services, the Company agreed to issue to Consultant17 options to purchase up to 15,000 shares of the Company’s common stock upon execution of the agreement. The options are exercisable at \$1.10 per share and shall vest in 3 equal instalments every twelve months starting October 2021. Unexercised options shall expire 4 years from the effective date.

During 2021 and 2020, an amount of \$8 and \$3 respectively, were recorded by the Company as stock-based equity awards with respect to Consultant17.

- d. In May 2021, the Company entered into a consulting agreement with a consultant (“Consultant18”) pursuant to which the Company agreed upon the three-month anniversary of the agreement to issue to consultant18 a (i) a warrant to purchase up to 50,000 shares of the Company’s common stock exercisable at \$1.50 per share and expiring on December 31, 2022, and (ii) a warrant to purchase up to 50,000 shares of the Company’s common stock exercisable at \$2.00 per share and expiring on December 31, 2022.

During 2021, an amount of \$64, was recorded by the Company as stock-based equity awards with respect to Consultant18.

- e. In June 2021, the Company entered into a consulting agreement with a consultant (“Consultant19”) pursuant to which the Company agreed to issue to the consultant a warrant to purchase up to 50,000 shares of the Company’s common stock exercisable at \$1.50 per share and expiring on December 31, 2022.

During 2021, an amount of \$34, was recorded by the Company as stock-based equity awards with respect to Consultant19.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 11 - STOCK BASED COMPENSATION (Cont.)**

The Company's outstanding options granted to consultants as of December 31, 2021 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>
April 2012	3,068	NIS	2.25	3,068	April 2022
February 2018	367	USD	21.15	367	May 2021- February 2023
August 2018-December 2018	13,335	USD	14.1	6,668	August 2023 - December 2023
July 2020	2,667	USD	15	1,778	April 2021- July 2023
June 2020	7,500	USD	1.3	7,500	March 2022
September-October 2020	37,233	USD	1.09	21,675	October 2024- September 2025
May-June 2021	150,000	USD	1.67	150,000	December 31 2022
<b>Total</b>	<b>214,170</b>			<b>191,056</b>	

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

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

	<b>2021 Grants</b>	<b>2020 Grants</b>
Dividend yield	0%	0%
Expected volatility	125.15%	101.65%-106.74%
Risk-free interest	0.16%	0.17%-0.3%
Contractual term of up to (years)	1.52	1.5-4

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 11 - 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 5,770,000 options. Stock options can be granted with an exercise price equal to or less than the stock's fair market value at the date of grant.

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>2021</b>	<b>2020</b>
	<b>Grants</b>	<b>Grants</b>
Dividend yield	0%	0%
Expected volatility	98.47%	95.06%
Risk-free interest	0.96%	0.338%
expected life	2-2.27	2-4.8

In the years ended December 31, 2021 and 2020, 97,500 and 861,999 options, respectively, were granted.

On May 25, 2020, the compensation committee of the Board of Directors of the Company reduced the exercise price of outstanding options of employees and directors of the Company for the purchase of an aggregate of 140,237 shares of common stock of the Company (with exercise prices ranging between \$18.15 and \$9.15) to \$1.04 per share, which was the closing price for the Company's common stock on May 22, 2020, and extended the term of the foregoing options for an additional one year from the original date of expiration. The incremental compensation cost resulting from the repricing was \$53 and the expenses during the years ended December 31, 2021 and 2020 was \$1 and \$50 respectively.

On August 10, 2020, the Company's shareholders approved an increase in the shares available for issuance under the 2017 Employee Plan from 200,000 to 1,450,000 shares. As a result and pursuant to approval of the Company's compensation committee that was contingent on the foregoing shareholder approval, the following occurred on August 10, 2020: (i) the number of shares available for issuance under the Company's 2017 Consultant Incentive Plan was reduced from 466,667 to 216,667 shares; (ii) the Company granted to the Company's Chief Executive Officer (A) five-year options to purchase up to 160,000 ordinary shares at an exercise price of \$1.04 per share. One quarter of such options vested on November 26, 2020, one quarter vest on May 26, 2021, one quarter vest on November 26, 2021 and one quarter vest on May 26, 2022, and (B) 80,000 performance-based restricted stock units, each representing the right to receive one share of common stock, which vest (x) upon the Company generating revenue of at least \$50,000 in the Russian Federation during the year ended 2020, or (y) upon the Company generating revenue of at least \$500,000 in the Russian Federation during the year ending 2021; (iii) the Company granted five-year options to purchase up to 130,000 ordinary shares to the Company's Chief Financial Officer at an exercise price of \$1.04 per share. One quarter of such options vested on November 26, 2020, one quarter vest on May 26, 2021, one quarter vest on November 26, 2021 and one quarter vest on May 26, 2022; (iv) the Company granted five-year options to purchase up to 130,000 ordinary shares to the Company's Chief Operating Officer and Chief Product Officer at an exercise price of \$1.04 per share. One quarter of such options vested on November 26, 2020, one quarter vest on May 26, 2021, one quarter vest on November 26, 2021 and one quarter vest on May 26, 2022; (v) the Company granted five-year options to purchase up to 325,893 ordinary shares to other employees of the Company at an exercise price of \$1.04 per share. One quarter of such options vested on November 26, 2020, one quarter vest on May 26, 2021, one quarter vest on November 26, 2021 and one quarter vest on May 26, 2022; and (vi) the Company granted five-year options to purchase up to 30,000 ordinary shares to each of the Company's non-employee Board members at an exercise price of \$1.04 per share. These options vested on November 26, 2020.

On December 30, 2021, our stockholders approved an increase in the shares available for issuance under the 2017 Equity Incentive Plan from 1,450,000 shares to 5,770,000 shares.

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

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.

The total stock option compensation expense in the year ended December 31, 2020 amounted to \$560 as follows: research and development expenses amounted to \$190, sales and marketing expenses amounted to \$117 and general and administrative expenses amounted to \$253.

As of December 31, 2021, there was a total of \$62 unrecognized compensation cost relating to non-vested share-based compensation arrangements. That cost is expected to be recognized over a weighted-average period of 0.65 years.

Share option activity during 2021 is as follows:

	<b>2021</b>	
	<b>Number of options</b>	<b>Weighted average exercise price US\$</b>
Outstanding at January 1	977,346	\$ 1.04
Granted	97,500	1.28
Exercised	(18,778)	
Expired	(162,520)	
Outstanding at year end	<u>893,548</u>	<u>1.06</u>
Vested at year end	<u>676,572</u>	<u>1.04</u>

Share option activity during 2020 is as follows:

	<b>2020</b>	
	<b>Number of options</b>	<b>Weighted average Exercise price US\$</b>
Outstanding at January 1	163,904	\$ 13.87
Granted	861,999	1.04
Exercised	-	
Expired	(48,557)	
Outstanding at year end	<u>977,346</u>	<u>1.04</u>
Vested at year end	<u>398,410</u>	<u>1.04</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****U.S. dollars in thousands (except share data and per share data)****NOTE 12 - CONTINGENCIES AND COMMITMENTS**

- a. On August 7, 2018, the Company commenced an action against North Empire LLC (“North Empire”) in the Supreme Court of the State of New York, County of New York for breach of a Securities Purchase Agreement (the “Agreement”) in which it is seeking damages in an amount to be determined at trial, but in no event less than \$616,000. On August 2, 2018, North Empire filed a Summons with Notice against the Company, also in the same Court, in which they allege damages in an amount of \$11.4 million arising from an alleged breach of the Agreement. On September 6, 2018 North Empire filed a Notice of Discontinuance of the action it had filed on August 2, 2018. On September 27, 2018, North Empire filed an answer and asserted counterclaims in the action commenced by the Company against them, alleging that the Company failed to deliver stock certificates to North Empire causing damage to North Empire in the amount of \$10,958,589. North Empire also filed a third-party complaint against the Company’s CEO and now former Chairman of the Board asserting similar claims against them in their individual capacities. On October 17, 2018, the Company filed a reply to North Empire’s counterclaims. On November 15, 2018, the Company’s CEO and now former Chairman of the Board filed a motion to dismiss North Empire’s third-party complaint. On January 6, 2020, the Court granted the motion and dismissed the third-party complaint. Discovery has been completed and both parties have filed motions for summary judgment in connection with the claims and counterclaims. On December 30, 2021, the Court denied both My Size and North Empire’s motions for summary judgment, arguing there were factual issues to be determined at trial. On January 26, 2022, the Company filed a notice of appeal of the summary judgment decision. The appeal must be fully perfected and filed by July 26, 2022. On February 3, 2022, the Company filed a motion to reargue the Court’s decision denying the Company’s motion for summary judgment. North Empire will file its opposition papers on or before March 31, 2022, and the Company will file reply papers on April 29, 2022. The return date on the motion to reargue is scheduled for May 2, 2022.

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 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

\$450,000) and a declaratory relief. The plaintiffs allege that the Company breached its contractual obligations to pay them for services allegedly rendered to the Company by the plaintiffs under a certain consulting agreement dated July 2, 2014, in an amount of NIS 819,000 (approximately \$256,000). Additionally, the plaintiffs allege that the Company should compensate them for losses allegedly incurred by them following their investment in the Company's shares issued under a certain private offering. In the alternative, the plaintiffs move that the court will declare the investment agreement void with full restitution of plaintiffs' original investment in an amount of NIS 1,329,650 (approximately \$415,000). The Company filed its statement of defense on October 25, 2021. The first preliminary court hearing of the case is scheduled for January 23, 2022.

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 13 - SALES AND MARKETING**

	Year ended December 31,	
	2021	2020
Salaries	574	549
Consultants and subcontractors	1,086	823
Marketing	283	450
Share based payments for consultants and employees	180	163
Travel	42	23
Other	171	188
	<u>2,336</u>	<u>2,196</u>

**NOTE 14 - GENERAL AND ADMINISTRATIVE EXPENSES**

	Year ended December 31,	
	2021	2020
Salaries	461	443
Professional services	1,832	627
Share based payments for consultants, directors and employees	98	276
Rent, office expenses and communication	372	323
Insurance	627	507
Settlement fees (*)	345	-
Travel	-	6
Directors	59	48
Other	330	337
	<u>4,124</u>	<u>2,567</u>

(\*)See note 12(b)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**NOTE 15 - FINANCIAL INCOME (EXPENSE), NET**

A. <u>Financial income</u>	Year ended December 31,	
	2021	2020
Revaluation of derivative	7	-
Revaluation investment in marketable securities	49	33
Other	10	28
	<u>66</u>	<u>61</u>

B. <u>Financial expense</u>	Year ended December 31,	
	2021	2020
Exchange rate differences	-	65
Other	9	7
	<u>9</u>	<u>72</u>

**NOTE 16 - EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE**

- a. On February 7, 2022, the Company entered into Share Purchase Agreement (the “Agreement”), with Amar Guy Shalom and Elad Brettfeld (the “Sellers”), pursuant to which the Sellers agreed to sell to the Company all of the issued and outstanding equity of Orgad International Marketing Ltd., a company incorporated under the laws of the State of Israel (“Orgad”). The Sellers are the sole title and beneficial owners of 100% of the shares of Orgad. In consideration of the shares of Orgad, the Sellers are entitled to receive (i) up to \$1,000,000 in cash (the “Cash Consideration”), (ii) an aggregate of 2,790,049 shares (the “Equity Consideration”) of the Company’s 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 Cash Consideration is payable to the Sellers in three installments, according to the following payment schedule: (i) \$300,000 at 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 Sellers according to the following payment schedule: (i) 50% at closing, and (ii) the remaining 50% 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 Sellers being actively engaged with Orgad at the date such payment is due (except if Seller resigns due to reasons relating to material reduction of salary or adverse change in his position with Orgad or its affiliates).

The Agreement contains customary representations, warranties and indemnification provisions. In addition, the 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 the Company’s business.

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

The required information for purchase price allocation in accordance with the FASB ASC Topic 805 is not presented because the initial accounting for the business combination is incomplete as of the date of these financial statements due to the short period since acquisition and since the acquiree accounting records were not finalized.

## **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, 2021. 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, 2021. 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, 2021, 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**

There have been no changes in our internal control over financial reporting that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our 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	51	Chief Executive Officer and Director
Or Kles	39	Chief Financial Officer
Billy Pardo	46	Chief Operating Officer
Ilia Turchinsky	34	Chief Technology Officer
Ezequiel Javier Brandwain	52	Chief Commercial Officer
Oron Branitzky (1)(2)(3)	63	Director
Oren Elmaliah (1)(2)(3)	38	Director
Arik Kaufman (1)(2)(3)	41	Director
Guy Zimmerman	54	Director

- (1) Member of our audit committee
- (2) Member of our nominating and corporate governance committee
- (3) Member of our compensation committee

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, Ronen 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 Flemingo 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 BioBlast Pharma, 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. Since January 2022, Mr. Kaufman serves as Chief Executive Officer of MeaTech 3D Ltd. He is a founding partner of the BlueSoundWaves collective led by Ashton Kutcher, Guy Oseary and Effie Epstein. Since September 2017, Mr. Kaufman serves as VP Business Development of Mor Research Applications and since November 2016 he has served as General Legal Counsel of Mor Research Applications. From December 2008 until March 2016, Mr. Kaufman was an attorney at Victor Tshuva and Co. Mr. Kaufman interned at Baratz, Horn and Co. Previously, Mr. Kaufman served as Call Center Shift Manager/Oracle CRM Implementation Team at Converse Technology, Inc. Since July 2021, Mr. Kaufman has served as a director of Wilk Technologies Ltd, since February 2018, Mr. Kaufman has served as a director of Ophectra Real Estate & Investments Ltd and, since January 2018, Mr. Kaufman has served as an external director of TechnoPlus Ventures. In addition, since May 2016 he serves as a director of BGI Investments 1961 Ltd. 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.

#### **Family Relationships**

Ronen Luzon, the Chief Executive Officer and a member of our Board of Directors, and Billy Pardo, the 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.

#### **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 Elmaliah (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 Branitzky 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.

#### **Delinquent Section 16(a) Reports**

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who own more than 10% of a registered class of our equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock and other equity securities. Officers, directors and greater than 10% stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely upon a review of copies of Section 16(a) reports and representations received by us from reporting persons, a Form 3 filed by Shoshana Zigdon was filed late.

#### **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 June 15, 2021.



## 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, 2021 and December 31, 2020.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$ (1))</b>	<b>Bonus (\$)</b>	<b>Stock Awards (\$)</b>	<b>Option Awards (\$ (2))</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
<b>Ronen Luzon</b>	2021	194,000	5,000	-	23,000	97,000	319,000
<i>Chief Executive Officer</i>	2020	174,000	-	-	150,000	99,000	423,000
<b>Or Kles</b>	2021	123,000	8,000	-	30,000	61,000	222,000
<i>Chief Financial Officer</i>	2020	105,000	-	-	97,000	57,000	259,000
<b>Billy Pardo</b>	2021	162,000	7,000	-	18,000	74,000	261,000
<i>Chief Operating Officer</i>	2020	140,000	-	-	102,000	68,000	310,000

(1) Salary for the years 2021 and 2020 are based on average US\$/NIS representative exchange rates of NIS 3.11 and NIS 3.215 respectively.

(2) Amounts in this column represent the grant date fair value of options granted to the named executive officers during 2021 and 2020, 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 financial statements for the year ended December 31, 2021.

### All Other Compensation Table

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

<b>Name</b>	<b>Year</b>	<b>Automobile- Related Expenses (\$)</b>	<b>Manager’s Insurance* (\$)</b>	<b>Education Fund* (\$)</b>	<b>Other social benefits** (\$)</b>	<b>Total (\$)</b>
<b>Ronen Luzon</b>	2021	33,000	33,000	15,000	16,000	97,000
	2020	31,000	32,000	13,000	23,000	99,000
<b>Or Kles</b>	2021	14,000	19,000	9,000	19,000	61,000
	2020	14,000	16,000	8,000	19,000	57,000
<b>Billy Pardo</b>	2021	17,000	24,000	12,000	21,000	74,000
	2020	16,000	21,000	10,000	21,000	68,000

\* 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 2021 and 2020 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 shall receive NIS 50,000 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 shall receive NIS 30,000 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 shall receive NIS 40,000 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, 2021.

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>	10,000(1)	-	\$ 1.04(8)	7/24/2023	-	-
	28,889(2)	11,111	\$ 1.04(8)	5/29/2025	-	-
	160,000(3)	120,000	\$ 1.04	8/10/2025	-	-
<b>Or Kles – Chief Financial Officer</b>	5,667(4)	-	\$ 1.04(8)	7/24/2023	-	-
	7,333(5)	6,667	\$ 1.04(8)	5/29/2025	-	-
	130,000(6)	97,500	\$ 1.04	8/10/2025	-	-
<b>Billy Pardo- Chief Operating Officer</b>	10,000(1)	-	\$ 1.04(8)	7/24/2023	-	-
	16,667(7)	5,667	\$ 1.04(8)	5/29/2025	-	-
	130,000(6)	97,500	\$ 1.04	8/10/2025	-	-

- (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. 6,667 options vested immediately upon grant, 11,111 options vested on January 24, 2019, 11,111 options vested on January 24, 2020 and 11,111 options vested on January 24, 2021.
- (3) The option has a grant date of October 8, 2020, 40,000 options vested on November 26, 2020, 40,000 options will vest on May 26, 2021, 40,000 options will vest on November 26, 2021, and 40,000 options will vest on May 26, 2022.
- (4) The option has a grant date of July 24, 2017. 1,889 options vested immediately upon grant, 1,889 options vested on May 1, 2018 and 1,889 options vested on May 1, 2019.
- (5) The option has a grant date of May 29, 2019. 4,000 options vested immediately upon grant, 3,333 options vested on May 1, 2020, 3,333 options will vest on May 21, 2021 and 3,334 options will vest on May 1, 2022.
- (6) The option has a grant date of October 8, 2020, 37,500 options vested on November 26, 2020, 37,500 options will vest on May 26, 2021, 37,500 options will vest on November 26, 2021, and 37,500 options will vest on May 26, 2022.
- (7) The option has a grant date of May 29, 2019. 5,334 options vested immediately upon grant, 5,666 options vested on January 24, 2019, 5,667 options vested on January 24, 2020 and 5,667 options will vest 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 140,237 shares of common stock of the Company (with exercise prices ranging between \$18.15 and \$9.15) to \$1.04 per share, which was the closing price for the Company's common stock on May 22, 2020, and extended the term of the foregoing options for an additional one year from the original date of expiration.

## Director Compensation

The following table sets forth compensation information for our non-employee directors for the year ended December 31, 2021.

Name	Fees earned or paid in cash (\$)(1)	Option awards (\$)(1)(2)	Total (\$)
Oren Elmaliah	18,000	0	18,000
Oron Barnitzky	18,000	0	18,000
Arik Kaufman	17,000	0	17,000
Guy Zimmerman	6,000	0	6,000

- (1) Fees for the year 2021 are based on average US\$/NIS representative exchange rates of NIS 3.11.
- (2) Amounts in this column represent the grant date fair value of options granted to the non-employee directors during 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 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, 2021.

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 \$286. 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 14, 2022 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	400,119 <sup>(3)</sup>	1.6%
Or Kles	117,167 <sup>(4)</sup>	*
Billy Pardo	400,119 <sup>(5)</sup>	1.6%
Ezequiel Javier Brandwain	-	-
Ilia Turchinsky	44,921 <sup>(6)</sup>	*
Arik Kaufman	32,334 <sup>(7)</sup>	*
Oren Elmaliah	32,334 <sup>(8)</sup>	*
Oron Brantitzky	32,334 <sup>(9)</sup>	*
Guy Zimmerman	-	-
All Executive Officers and Directors as a Group (9 persons)	659,209	2.6%

\* Less than 1%

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

(2) The calculation in this column is based upon 25,377,528 shares of common stock outstanding on March 14, 2022. 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 14, 2022 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) 117,064 shares of common stock, (ii) options to purchase up to 158,890 shares of our common stock, and (iii) options to purchase up to 124,165 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 an option to purchase 117,167 shares of our common stock.

(5) Consists of (i) options to purchase up to 124,165 shares of the Company's common stock, (ii) 117,064 shares of common stock which are held by Ronen Luzon, Billy Pardo's spouse, and (iii) options to purchase up to 158,890 shares of our common stock which are held by Ronen Luzon, Billy Pardo's spouse. Ms. Pardo may be deemed to beneficially hold the securities of the Company held by Mr. Luzon.

(6) Consists of options to purchase up to 44,921 shares of our common stock.

(7) Consists of options to purchase up to 32,334 shares of our common stock.

(8) Consists of options to purchase up to 32,334 shares of our common stock.

(9) Consists of options to purchase up to 32,334 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 133,334 shares of common stock under the plan and the 2017 Consultant Equity Incentive Plan initially authorized the issuance of up to 200,000 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 200,000 to 300,000. 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 133,334 to 200,000 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 300,000 to 466,667.

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 \$18.15 and \$9.15) to \$1.04 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 200,000 to 1,450,000 shares, and a decrease of the numbers of shares available for issuance under the 2017 Consultant Incentive Plan to 216,667 shares from 466,667 shares.

On December 30, 2021, our stockholders approved an increase in the shares available for issuance under the 2017 Equity Incentive Plan from 1,450,000 shares to 5,770,000 shares.

The following table summarizes information about our equity compensation plans and individual compensation arrangements as of December 31, 2021.

	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) (a) (c)
Equity compensation plans approved by security holders	947,150	1.25	5,273,961
Equity compensation plans not approved by security holders	160,568	1.57	-
<b>Total</b>	<b>1,107,718</b>	<b>1.30</b>	<b>5,273,961</b>

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

Other than the compensation agreements and other arrangements described under “Item 11. Executive Compensation” and the transactions described below, since January 1, 2021, 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.

#### *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.

#### **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, Tel Aviv, Israel (PCAOB ID 1057), a member of KPMG International, has served as our independent registered public accounting firm for 2021 and 2020. Following are KPMG International's fees for professional services in each of the respective fiscal years:

<b>Fee Category</b>	<b>2021</b>	<b>2020</b>
Audit Fees	298,300	138,600
Tax Fees	29,300	49,200
<b>Total Fees</b>	<b>327,600</b>	<b>187,800</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, 2021 and December 31, 2020 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

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#"><u>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)</u></a>
3.2	<a href="#"><u>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)</u></a>
3.3	<a href="#"><u>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)</u></a>
3.4	<a href="#"><u>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 January 7, 2022)</u></a>
3.5	<a href="#"><u>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)</u></a>
3.6	<a href="#"><u>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)</u></a>
3.7	<a href="#"><u>Amendment No. 1 to Second Amended and Restated By-Laws of My Size, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on January 7, 2022)</u></a>
4.1	<a href="#"><u>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)</u></a>
4.2	<a href="#"><u>Form of Warrant to Purchase Common Stock issued on December 22, 2017 (incorporated by reference to Exhibit 4.3 to the Company's Registration Statement on Form S-1/A filed on December 18, 2017)</u></a>
4.3	<a href="#"><u>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)</u></a>
4.4	<a href="#"><u>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)</u></a>
4.5	<a href="#"><u>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.)</u></a>
4.6	<a href="#"><u>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)</u></a>
10.1	<a href="#"><u>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)</u></a>
10.2	<a href="#"><u>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)</u></a>
10.3	<a href="#"><u>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)</u></a>



- 10.4 [Purchase Agreement between My Size, Inc. and Shoshana Zigdon dated as of February 16, 2014 \(incorporated by reference to Exhibit 10.2 to the Company's Annual Report on Form 10-K filed on March 4, 2016\)](#)
- 10.5 [Form of Warrant issued October 30, 2017 \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 27, 2017\)](#)
- 10.6 + [Employment Agreement between My Size Israel 2014 Ltd. and Ronen Luzon dated November 18, 2018 \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed on November 19, 2018\)](#)
- 10.7 + [Employment Agreement between My Size Israel 2014 Ltd. and Or Kles dated November 18, 2018 \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed on November 19, 2018\)](#)
- 10.8 + [Employment Agreement between My Size Israel 2014 Ltd. and Billy Pardo dated November 18, 2018 \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed on November 19, 2018\)](#)
- 10.9 [Form of Warrant \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on January 15, 2020\)](#)
- 10.10 [Form of Placement Agent Warrant \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on January 15, 2020\)](#)
- 10.11 [Underwriting Agreement, dated January 5, 2021, by and between the Company and Aegis Capital Corp. \(incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on January 7, 2021\)](#)
- 10.12 [Underwriting Agreement, dated March 22, 2021, by and between the Company and Aegis Capital Corp. \(incorporated by reference to Exhibit 1.1 to the Company's Current Report on Form 8-K filed on March 25, 2021\)](#)
- 10.13 [Form of Registered Direct Offering Securities Purchase Agreement, dated October 26, 2021, by and between the Company and the Purchasers \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 28, 2021\)](#)
- 10.14 [Form of PIPE Securities Purchase Agreement, dated October 26, 2021, by and between the Company and the Purchasers \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 28, 2021\)](#)

10.15	<a href="#">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)</a>
10.16	<a href="#">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)</a>
10.17	<a href="#">Engagement Agreement (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on October 28, 2021)</a>
10.18	<a href="#">Settlement Agreement dated as of November 4, 2021 between the Company and David Lazar, Custodian Ventures, LLC, Activist Investing LLC, David Aboudi, Patrick Loney and David Natan (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on November 5, 2021)</a>
10.19	<a href="#">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)</a>
10.20	<a href="#">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)</a>
21.1	<a href="#">List of Subsidiaries (incorporated by reference to Exhibit 21.1 to the Company's Annual Report on Form 10-K filed on March 29, 2021)</a>
23.1*	<a href="#">Consent of Somekh Chaikin</a>
31.1*	<a href="#">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</a>
31.2*	<a href="#">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</a>
32.1*	<a href="#">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</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 18th day of March, 2022.

### 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><i>/s/ Ronen Luzon</i></u> Ronen Luzon	Chief Executive Officer and Director (Principle Executive Officer)	March 18, 2022
<u><i>/s/ Or Kles</i></u> Or Kles	Chief Financial Officer (Principal Financial and Accounting Officer)	March 18, 2022
<u><i>/s/ Oren Elmaliah</i></u> Oren Elmaliah	Director	March 18, 2022
<u><i>/s/ Arik Kaufman</i></u> Arik Kaufman	Director	March 18, 2022
<u><i>/s/ Oron Branitzky</i></u> Oron Branitzky	Director	March 18, 2022
<u><i>/s/ Guy Zimmerman</i></u> Guy Zimmerman	Director	March 18, 2022

**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, and No. 333-222537 on Form S-8 and registration statements No. 333-261031, No. 333-237959, No. 333-237858, and 333-221741 on Form S-1 of our report dated March 18, 2022, with respect to the consolidated financial statements of My Size Inc.

*/s/ Somekh Chaikin*

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Somekh Chaikin  
Member Firm of KPMG International

Tel Aviv, Israel  
March 18, 2022

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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: March 18, 2022

By: */s/ Ronen Luzon*

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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: March 18, 2022

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, 2021 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: March 18, 2022

By: */s/ Ronen Luzon*

\_\_\_\_\_  
Ronen Luzon  
Chief Executive Officer  
(Principal Executive Officer)

Date: March 18, 2022

By: */s/ Or Kles*

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

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