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GLASSBOX LTD.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 30, 2021

UNAUDITED

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Auditor Review Report to the Shareholders of Glassbox Ltd.

Introduction

We have reviewed the accompanying financial information of Glassbox Ltd. and its subsidiaries (hereinafter – the Company), which includes the condensed consolidated statement of financial position as of June 30, 2021 and the condensed consolidated statements of profit or loss and other comprehensive income, changes of equity and cash flows for the six-month and three-month periods ending that date. The Board of Directors and Management are responsible for preparing and presenting financial information for these interim periods in accordance with IAS 34, Interim Financial Reporting, and are responsible for preparing financial information for these interim periods in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express our conclusions with regard to the financial information for these interim periods, based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard 2410 (Israel) of the Institute of Certified Public Accountants in Israel regarding "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial information for interim periods consists of inquiries, mainly from people responsible for finances and accounting, and of the application of analytical and other reviewing procedures. A review is significantly limited in scope relative to an audit conducted according to generally accepted Israeli auditing standards, and therefore does not allow us to achieve assurance that we have been made aware of all material issues that might have been identified in an audit. Accordingly, we are not expressing an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the above financial information has not been prepared, in all material aspects, in accordance with IAS 34.

In addition to the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the above financial information does not comply, in all material respects, with disclosure provisions according to Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

We also reviewed the attached proforma financial information of Glassbox Ltd. and its subsidiaries, which are included in Note 7 of the condensed consolidated financial statements (pro forma financial statements).

We conducted our review in accordance with Review Standard 2410 (Israel) of the Institute of Certified Public Accountants in Israel regarding "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of financial information for interim periods consists of inquiries, mainly from people responsible for finances and accounting, and of the application of analytical and other reviewing procedures. A review is significantly limited in scope relative to an audit conducted according to generally accepted Israeli auditing standards, and therefore does not allow us to achieve assurance that we have been made aware of all material issues that might have been identified in an audit. Accordingly, we are not expressing an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned pro forma financial information does not, in all material respects, comply with the provisions of Regulation 38B of the Securities Regulations (Periodic and Immediate Reports), 1970, based on the assumptions detailed in the note 7.

Tel Aviv
August 12, 2021

Kesselman & Kesselman
CPAs
A firm in PricewaterhouseCoopers International Limited

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30,		December 31,
	2021	2020	2020
	(Unaudited)		(Audited)
	Dollars in thousands		
CURRENT ASSETS:			
Cash and cash equivalents	8,179	14,697	19,087
Short term deposits	58,904	26,250	2,000
Short term restricted deposits	457	445	460
Trade receivables	2,126	1,219	1,854
Other receivable and prepaid expenses	3,304	1,865	2,897
	<u>72,970</u>	<u>44,476</u>	<u>26,298</u>
NON-CURRENT ASSETS:			
Long term restricted deposits	476	492	492
Property and equipment, net	1,132	1,185	1,143
Right of use assets, net	2,657	3,172	2,944
Intangible assets	11,370	-	11,975
Goodwill	15,865	24	15,638
Customer acquisition costs	419	553	463
	<u>31,919</u>	<u>5,426</u>	<u>32,655</u>
Total assets	<u>104,889</u>	<u>49,902</u>	<u>58,953</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<u>June 30,</u>		<u>December 31,</u>
	<u>2021</u>	<u>2020</u>	<u>2020</u>
	<u>(Unaudited)</u>		<u>(Audited)</u>
	<u>Dollars in thousands</u>		
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Trade payables	852	615	1,019
Deferred revenues	11,179	4,788	9,213
Other accounts payables	6,012	2,274	5,997
Liabilities for government grants	-	314	-
Lease liabilities	609	523	605
TOTAL CURRENT LIABILITIES	<u>18,652</u>	<u>8,514</u>	<u>16,834</u>
NON CURRENT LIABILITIES:			
Deferred revenues	872	614	659
Contingent consideration for purchase of investment in subsidiary	3,886	-	3,725
Deferred consideration for purchase of investment in subsidiary	2,590	-	2,270
Deferred tax liabilities	2,203	-	2,538
Lease liabilities	2,350	2,775	2,696
TOTAL LIABILITIES	<u>11,901</u>	<u>3,389</u>	<u>11,888</u>
TOTAL LIABILITIES	<u>30,553</u>	<u>11,903</u>	<u>28,722</u>
SHAREHOLDERS' EQUITY:			
Ordinary share capital	44	5	5
Preferred share capital	-	20	20
Additional paid-in capital	120,427	66,564	66,632
Capital reserve for share based payment	4,949	1,324	1,891
Translation adjustments of foreign operations	773	-	828
Accumulated deficit	(51,857)	(29,914)	(39,145)
TOTAL SHAREHOLDERS' EQUITY	<u>74,336</u>	<u>37,999</u>	<u>30,231</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>104,889</u>	<u>49,902</u>	<u>58,953</u>

* Represents an amount lower than \$ 1 thousand

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

August 12, 2021	Brian Abrams	Yaron Morgenstern	Kobi Carlebach
Approval date of the financial statements	Chairman of the Board of Directors	Chief Executive Officer	Chief Financial Officer

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Six months ended June 30		Year ended December 31
	2021	2020	2020
Dollars in thousands			
Revenues	16,543	9,856	22,122
Cost of revenues	<u>6,078</u>	<u>2,627</u>	<u>6,790</u>
Gross profit	10,465	7,229	15,332
Research and development	7,424	3,779	9,313
Sales and marketing	10,946	6,815	15,324
General and administrative	<u>4,786</u>	<u>1,902</u>	<u>5,186</u>
	23,156	12,496	29,823
Operating loss	<u>12,691</u>	<u>5,267</u>	<u>14,491</u>
Finance expense	459	37	308
Finance income	<u>(335)</u>	<u>(617)</u>	<u>(849)</u>
Finance income (expenses), net	124	(580)	(541)
Loss before taxes on income	12,815	4,687	13,950
Taxes on income (income from taxes on income)	<u>(103)</u>	<u>17</u>	<u>15</u>
Loss	12,712	4,704	13,935
Other comprehensive loss (income) :			
Amounts that will be reclassified or reclassified to profit or loss subject to specific conditions:			
Translation adjustments of foreign operations	55	-	(828)
Total other comprehensive loss (income)	<u>55</u>	<u>-</u>	<u>(828)</u>
Total comprehensive loss for the year	<u>12,767</u>	<u>4,704</u>	<u>13,107</u>
Basic and diluted loss per share	<u>3.80</u>	<u>2.38</u>	<u>6.56</u>

* Represents an amount lower than \$ 1 thousand

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary share capital	Preferred share capital	Additional paid in capital	Capital reserve for share based payment	Translation adjustments of foreign operations	Accumulated deficit	Total
	Dollars in thousands						
<u>Balance as of January 1, 2021</u> <u>(Audited)</u>	5	20	66,632	1,891	828	(39,145)	30,231
Loss						(12,712)	(12,712)
Other comprehensive loss					(55)		(55)
Total comprehensive loss for the period					(55)	(12,712)	(12,767)
Exercise of options			428	(136)			292
Issuance of shares and warrants net of issuance expenses	39	(20)	53,367				53,386
Share based payment				3,194			3,194
<u>Balance as of June 30, 2021</u>	44	-	120,427	4,949	773	(51,857)	74,336
<u>Balance as of January 1, 2020</u> <u>(Audited)</u>	5	13	33,198	884	-	(25,210)	8,890
Loss						(4,704)	(4,704)
Other comprehensive income						-	-
Total comprehensive loss for the period						(4,704)	(4,704)
Issuance of preferred shares net of issuance costs		7	33,271				33,278
Exercise of employee options			95	(56)			39
Cost of share based payment				496			496
<u>Balance as of June 30, 2020</u> <u>(Unaudited)</u>	5	20	66,564	1,324	-	(29,914)	37,999

*Represents an amount lower than \$ 1 thousand

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Ordinary share capital	Preferred share capital	Additional paid in capital	Capital reserve for share based payment	Translation adjustments of foreign operations	Accumulated deficit	Total
	Dollars in thousands						
<u>Balance as of January 1, 2020 (Audited)</u>	5	13	33,198	884	-	(25,210)	8,890
Loss						(13,935)	(13,935)
Other comprehensive income					828		828
Comprehensive loss for the year	-	-	-	-	828	(13,935)	(13,107)
Issuance of preferred shares net of issuance costs		7	33,271				33,278
Exercise of employee options	*		163	(78)			85
Cost of share based payment				1,085			1,085
<u>Balance as of December 31, 2020 (Audited)</u>	<u>5</u>	<u>20</u>	<u>66,632</u>	<u>1,891</u>	<u>828</u>	<u>(39,145)</u>	<u>30,231</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Year ended
	June 30		December 31
	2021	2020	2020
Dollars in thousands			
Cash flows from operating activities:			
Loss	(12,712)	(4,704)	(13,935)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortizations	914	114	552
Changes in deferred taxes	(373)	-	(243)
Finance expenses (income) net	(3)	35	309
Promotion of contingent liability interest	395	-	-
Amortization of right of use assets	287	265	540
Cost of share based payment	3,194	496	1,085
	<u>4,414</u>	<u>910</u>	<u>2,243</u>
Changes in operating assets and liabilities:			
Decrease (increase) in trade receivables, net	(267)	477	803
Increase in other receivable and prepaid expenses	(375)	(280)	(600)
Decrease in customer acquisition cost	44	194	284
Decrease in trade payables	(176)	(114)	(432)
Increase (decrease) in other accounts payables	(76)	(1,402)	1,400
Increase in deferred revenues	2,150	403	3,246
	<u>1,300</u>	<u>(722)</u>	<u>4,701</u>
Taxes paid	(283)	(17)	(140)
	<u>(283)</u>	<u>(17)</u>	<u>(140)</u>
Net cash used in operating activities	<u>(7,281)</u>	<u>(4,533)</u>	<u>(7,131)</u>

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

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Year ended
	June 30		December 31
	2021	2020	2020
<u>Dollars in thousands</u>			
Cash flows from investing activities:			
Purchase of a newly consolidated subsidiary net of cash purchased			
(a)	-	-	(15,275)
Drawing down (making) deposits	(56,885)	(19,445)	4,790
Purchase of other assets	-	(24)	(25)
Purchase of property and equipment	(124)	(559)	(610)
Net cash used in investing activities	<u>(57,009)</u>	<u>(20,028)</u>	<u>(11,120)</u>
Cash flows from financing activities:			
Proceeds from issuance of shares and warrants	53,714	-	-
Proceeds from issuance of preferred shares net of issuance expenses	-	33,278	33,278
Loan repayment	-	-	(1,360)
Proceeds from exercise of options	292	39	85
Interest payments for liabilities	(38)	(43)	(89)
Receipt of government grants	-	(269)	(580)
Repayment of lease liabilities	(301)	(254)	(528)
Net cash provided by financing activities	<u>53,667</u>	<u>32,751</u>	<u>30,806</u>
Increase (decrease) in cash and cash equivalents	(10,623)	8,190	12,555
Exchange rate differences for cash and cash equivalents	(285)	-	25
Balance of cash and cash equivalents at the beginning of the year	19,087	6,507	6,507
Balance of cash and cash equivalents at the end of the year	<u>8,179</u>	<u>14,697</u>	<u>19,087</u>
(a) Purchase of a newly consolidated subsidiary			
Working capital (excluding cash and cash equivalents)			(1,533)
Property and equipment			32
Intangible assets			11,634
Goodwill			14,832
Loan			(1,360)
Tax provision			(2,644)
Contingent consideration in respect of purchase of an investment			(3,533)
Deferred consideration in respect of purchase of an investment			<u>(2,153)</u>
			<u>15,275</u>
(b) Information regarding non cash investing and financing activities:			
Deferred consideration in respect of a purchase of a subsidiary	-	-	<u>(3,533)</u>
Contingent consideration in respect of a purchase of a subsidiary	-	-	<u>(2,153)</u>
Issuance expenses not yet paid as of the report date	<u>(328)</u>	-	-

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: - GENERAL**a. Incorporation and operations**

Glassbox Ltd. ("Company") is a public company whose shares are listed for trading on the Tel Aviv Stock Exchange (the "Exchange") as of June 2021 (for details regarding the initial public offering, see Note 4A below).

Glassbox Ltd. (the Company) was incorporated and commenced its operations in November 2010. The Company has wholly owned subsidiaries in the United Kingdom named Glassbox Digital UK Ltd which commenced its operations in November 2015 and Glassbox Inc in the USA which commenced its operations in January 2016. In October 2020, the Company completed the purchase of Sessioncam in the United Kingdom which became a wholly owned subsidiary effective from this date. (The Group)

The Group develops and markets software products in the field of customer experience. The Company sells its products mainly to large and medium sized customers in order to help them improve their customer experience on websites and applications on smartphones.

The Group is a Tel-Tech company and included, conferring upon the Company benefits for reporting and presentation of financial statements, and in particular, disclosing comparative data for a period of one year instead of two years.

The Group sells to large and medium-sized customers and organizations, mainly in North America, Europe and Asia Pacific. The main areas of activity of the Company's customers are banking, insurance, retail, telecom and tourism.

The registered office of the Company is 25 Basel, Petah Tikva, Israel.

Interim financial information is reviewed and not audited.

b. Corona virus crisis

The corona crisis which began in early 2020 also continued into the first half of 2021. The potential damage of the spread of the corona virus on the economy depends on the speed and ability to eradicate the spread of the virus worldwide, so as of the date of the report, it seems that many countries around the world are working to implement certain relieves to gradually stimulate economic activity. However, at this stage, it is not possible to assess the duration and intensity of the crisis and its full implications on the Company's activities and its results, as well as the pace of relief implementation in various countries around the world and their impact on the recovery from economic crisis under the current circumstances. The impact of the Corona crisis on the Group's operations was that by the third quarter of 2020 the Company's growth was slowed down and was less than expected before the crisis, but this trend changed significantly in the fourth quarter of 2020. It should be noted that the global changes during the Corona period had and still have positive effects on the Company's operations, partly in view of the fact that the reliance of many businesses on digital channels has increased, leading to growth in the Company's operations, which as per the Company's estimate, such trend will continue also in the second half of 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1: - GENERAL (Cont.)

The Company estimates that that no material harm is expected in its area of activity in the long term due to the spread of the corona virus and almost all of the Company's customers who reached the stage of renewing the license during 2020 and in the second half of 2021 extended the license and purchased a license to receive the Company's services for another year/several years.

Note 2: - Preparation format of the Interim Consolidated Financial Statements

- a. The Group's condensed financial information as of June 30, 2021 and 2020 and for the interim periods of the six months ended on those dates (the interim financial information) was prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" (IAS 34), and includes the additional disclosure required in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), -1970. The interim financial information does not include all information and disclosures required in the annual financial statements. The interim financial information should be read in conjunction with the annual financial statements for 2020 and the accompanying notes, which comply with the International Financial Reporting Standards, which are standards and interpretations published by the International Accounting Standards Board (IFRS) and include additional disclosure required in accordance with the Securities (Annual Financial Statements) Regulations, 2010.

The Group's income and the results of its operations for the period of the six months ended June 30, 2021 do not necessarily indicate the income and results that could be expected in the year ending December 31, 2021.

- b. Estimates

The preparation of interim financial statements requires the Group's management to exercise discretion and also requires the use of accounting estimates and assumptions, which affect the implementation of the Group's accounting policies and the amounts of assets, liabilities, income and reported expenses. Actual results may differ from these estimates.

In preparing these consolidated interim financial statements, the significant considerations exercised by management in implementing the Group's accounting policies and the uncertainties involved in the key sources of the estimates were identical to those in the Group's consolidated annual financial statements for the year ended December 31 2020.

Note 3: - Significant accounting policies

- a) The significant accounting policies and methods of calculation, which were applied in the preparation of the financial information for the interim period, are consistent with those used in the preparation of the annual financial statements for 2020.
Income taxes for interim periods are recognized on the basis of the management's best estimate of the average tax rate that will apply to the total projected annual profits.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 3: - Significant accounting policies (Cont.)

- b) New standards and amendments to existing standards which are not yet in effect and which the Group did not choose their early adoption:

As part of the Group's annual financial statements for 2020, information was provided regarding new IFRS standards and amendments to existing IFRS standards which are not yet in effect and which the Group has not chosen their early adoption. This note refers to amendments to existing standards that were published after the publication of the Group's annual financial statements for 2020.

Amendment to International Accounting Standard 1 Presentation of Financial Statements (the amendment to IAS 1)

The amendment to IAS 1 requires companies to disclose their material accounting policies, in lieu of their significant accounting policies. According to the amendment, information on accounting policies is material if, when taken into account together with other information provided in the financial statements, it can reasonably be expected that it will influence decisions made by the main users of the financial statements based on these financial statements.

The amendment also clarifies that information on accounting policies is likely to be material if, without it, users of the financial statements are denied the opportunity to understand other material information in the financial statements. In addition, the amendment clarifies that there is no need for disclosure of immaterial accounting policies. However, to the extent that such information is provided, it is appropriate that it is not distracting from material information on accounting policies.

The amendment to IAS 1 will be applied retrospectively for annual periods beginning on or after January 1, 2023. In accordance with the provisions of the amendment, its early adoption is possible. The initial adoption of IAS 1 amendment is not expected to have a material effect on the Group's consolidated financial statements.

The Company is examining the possible impact of the amendments but is unable, at this stage, to estimate the impact of the amendments, if any, on the financial statements.

Note 4: - Equity

- a. Issuance of the Company's shares to the public:

On June 4, 2021, the Company issued shares on the Tel Aviv Stock Exchange. The Company issued 1,883,042 ordinary shares, of NIS 0.01 par value each of the Company ("Ordinary Shares"). In addition, 1,403,722 ordinary shares were sold in a tender offer. The gross issuance proceeds amounted to approximately \$ 55,143 thousand. Issuance expenses amounting to \$ 1,757 thousand were charged to offsetting from equity. In addition, as part of the issuance, 364,549 options were granted to underwriters.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**Note 4: - Equity (Cont.)**

In addition, the Company listed for trading 9,601,442 ordinary shares registered in the name of shareholders (who were prior to the issuance), par value of NIS 0.01 each of the Company, which are in the issued and paid-up capital of the Company and up to 2,924,748 ordinary shares, par value of NIS 0.01 each of the Company, deriving from the exercise (to the extent possible) of 2,924,748 unregistered options allocated to employees and other parties.

Upon issuance of the Company's shares to the public on the Tel Aviv Stock Exchange, all types of shares in the Company's capital were immediately converted (ordinary A shares, Preferred A shares, Preferred B1 shares, Preferred B2 shares, Preferred B3 shares and Preferred C shares) to ordinary shares, so the issuance completion, all the shares in the registered and issued capital of the Company are ordinary shares, as well as warrants allocated to employees, officers and consultants of the Company, will be exercisable to ordinary shares only.

Following the completion of said issuance, the Company's ordinary shares began trading on the Tel Aviv Stock Exchange. The issuance was carried out by non-uniform offer, as defined in the Securities Regulations (Method of Offering Securities to the Public), -2007.

b. Share-based payment:

During the six-month period ended June 30, 2021, 186,367 warrants were exercised by the Company's employees. The consideration from the exercise amounted to approximately \$ 292 thousand. Following the issuance, 209,828 warrants were accelerated. During the six-month period ended June 30, 2021, 1,043,951 warrants were granted, of which 168,000 options were granted to third parties, 364,549 warrants were granted to underwriters and 511,402 warrants were granted to employees.

NOTE 5: - REVENUES

	Six months ended		Year ended
	June 30		December 31,
	(unaudited)		2020
	2021	2020	(Audited)
	Dollars in thousands		
On premise licenses and related services	6,038	5,001	10,842
Cloud licenses	9,382	3,857	9,263
Services and others	1,123	998	2,017
	<u>16,543</u>	<u>9,856</u>	<u>22,122</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: - RELATED PARTIES

Remuneration to interested party

a. Balances with related parties

	June 30 (unaudited)		December 31, 2020
	2021	2020	(Audited)
	Dollars in thousands		
Short term employee benefits	438	241	408
	<u>438</u>	<u>241</u>	<u>408</u>

b. Transactions with related parties

	Six months ended June 30 (unaudited)		Year ended December 31, 2020
	2021	2020	(Audited)
	Dollars in thousands		
Salaries and other benefits to interested parties employed by the group	605	315	747
Share based payment to interested parties in the Group	1,161	48	174
Total employment costs for interested parties employed by the group	<u>1,766</u>	<u>363</u>	<u>921</u>
Number of persons to whom the benefit relates	<u>2</u>	<u>2</u>	<u>2</u>

NOTE 7: - PROFORMA

The following is a summary of the proforma statements of profit or loss and comprehensive income, which were prepared to reflect the results of operations of the Company and its subsidiaries, under the assumption that the acquisition transaction of the English company acquired in 2020 was already made on January 1, 2019 (pro forma commencement date).

The proforma statements of profit or loss and other comprehensive income have been prepared in accordance with the rules and assumptions set forth below and include the following adjustments:

- a. The proforma statements of profit or loss and comprehensive income are based on a combination of the Company's financial statements with the companies' financial statements for periods prior to the actual acquisition date.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - PROFORMA (Cont.)

- b. The depreciation and amortization data of assets in the statements have been adjusted and recalculated to take into account the amortization of intangible assets identified in the transaction, and the excess cost attributable to existing assets, based on the estimated life determined in the acquisition assuming that these, with the necessary adjustments, were recognized in the pro forma commencement date.
- c. Income tax expenses included in the pro forma profit or loss statement, for periods prior to the actual acquisition date, have been recalculated based on the pro forma data, and taking into account the adjustments made.
- d. Transaction expenses in the company, which were recorded in 2020 in the amount of \$ 1.1 million, were readjusted, assuming that the required adjustments were recognized at the beginning of the pro forma.
- e. The Group's financing expenses were adjusted to retroactively account for financing expenses in respect of deferred consideration and contingent consideration in accordance with the purchase agreement.
- f. As of the approval date of the financial statements, a final valuation has not yet been received by an external appraiser in relation to the fair value of the identified assets acquired and the liabilities assumed. The purchase consideration as well as the fair value of the assets and liabilities purchased can be finally adjusted up to 12 months from the date of purchase. Accordingly, if the fair value of the identified assets is updated, a note in the pro forma may change.

	Six months ended June 30 2020		
	Actual data	Proforma adjustments	Proforma Data
	Audited		
	Dollars in thousands		
Revenues	9,856	4,872	14,728
Cost of revenues	2,627	2,369	4,996
Gross profit	7,229	2,503	9,732
Research and development	3,779	984	4,763
Sales and marketing	6,815	2,153	8,968
General and administrative	1,902	380	2,282
Operating loss	5,267	1,014	6,281
Finance expense	37	228	265
Finance income	(617)	-	(617)
Finance expenses (income), net	(580)	228	(352)
Loss before taxes on income	4,687	1,242	5,929
Taxes on income (income from taxes on income)	17	(137)	(120)
Loss	4,704	1,105	5,809

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7: - PROFORMA (Cont.)

	Six months ended June 30 2020		
	Actual	Proforma	Proforma
	data	adjustments	Data
	Audited		
	Dollars in thousands		
Other comprehensive loss (income) (after tax effect):			
Amounts that will not be reclassified to profit or loss:			
Translation adjustments of foreign operations	-	813	813
Total other comprehensive loss (income), net of tax	-	813	813
Total comprehensive loss for the period	<u>4,704</u>	<u>1,918</u>	<u>6,622</u>
Basic and diluted loss per share (in dollars)	<u>2.38</u>	<u>0.97</u>	<u>3.35</u>

	Year ended December 31, 2020		
	Actual	Proforma	Proforma
	data	adjustments	Data
	Audited		
	Dollars in thousands		
Revenues	22,122	8,755	30,877
Cost of revenues	6,790	3,688	10,478
Gross profit	15,332	5,067	20,399
Research and development	9,313	1,558	10,871
Sales and marketing	15,324	3,819	19,143
General and administrative expenses (income)	5,186	(623)	4,563
Operating loss (profit)	14,491	(313)	14,178
Finance expense	308	622	930
Finance income	(849)	-	(849)
Finance expenses (income), net	(541)	622	81
Loss before taxes on income	13,950	309	14,259
Taxes on income (tax benefit)	15	33	48
Loss	<u>13,935</u>	<u>276</u>	<u>14,211</u>
Other comprehensive loss (after tax effect):			
Amounts that will not be reclassified to profit or loss:			
Translation adjustments of foreign operations	(828)	493	(335)
Total other comprehensive loss (income), net of tax	(828)	493	(335)
Total comprehensive loss for the period	<u>13,107</u>	<u>769</u>	<u>13,876</u>
Basic and diluted loss per share (in dollars)	<u>6.56</u>	<u>0.39</u>	<u>6.95</u>