

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

FORM 10-Q

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

For the quarterly period ended June 30, 2019

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

For the transition period from _____ to _____

Commission File No. 001-37370

MY SIZE, INC.

(Exact name of registrant as specified in its charter)

Delaware

51-0394637

(State or other jurisdiction of
incorporation or organization)

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

3 Arava St., pob 1026, Airport City, Israel, 7010000

(Address of principal executive offices)

+972-3-600-9030

Registrant's telephone number, including area code:

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

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

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

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

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

Large accelerated filer	<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 in Rule 12b-2 of the Exchange Act) Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: as of August 8, 2019, 29,883,639 shares of common stock, par value \$0.001 per share were issued and outstanding.

MY SIZE, INC.
INDEX TO QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2019

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**PART I
FINANCIAL INFORMATION**

Item 1. Financial Statements.

My Size Inc. and Subsidiaries

**Condensed Consolidated
Interim
Financial Statements
As of June 30, 2019
(unaudited)
U.S. Dollars in Thousands**

MY SIZE, INC. AND ITS SUBSIDIARIES

Condensed Consolidated Interim Financial Statements as of June 30, 2019 (Unaudited)

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MY SIZE, INC. AND ITS SUBSIDIARIES

Condensed Consolidated Interim Balance Sheets

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

	June 30, 2019 (Unaudited) \$ thousands	December 31, 2018 (Audited) \$ thousands
Assets		
Current Assets:		
Cash and cash equivalents	4,136	5,140
Restricted cash	276	90
Restricted deposit	-	181
Short-term deposit	-	1,209
Other receivables and prepaid expenses	101	218
Total current assets	4,513	6,838
Property and equipment, net	76	71
Operating lease right of use assets	2d 81	-
Investment in marketable securities	113	208
	270	279
Total assets	4,783	7,117
Liabilities and stockholders' equity		
Current liabilities:		
Trade payables	220	295
Accounts payable	383	276
Warrants, derivatives and stock based compensation liabilities	1,042	1,252
Operating lease liabilities	2d 47	-
Total current liabilities	1,692	1,823
Operating lease liabilities	2d 34	-

Total non-current liabilities	1,726	1,823
COMMITMENTS AND CONTINGENCIES		
Stockholders' equity:		
Stock Capital -		
Common stock of \$ 0.001 par value - Authorized: 100,000,000 shares; Issued and outstanding: 29,883,639 and 29,852,389 as of June 30, 2019 and December 31, 2018 respectively		
	30	30
Additional paid-in capital	29,538	29,116
Accumulated other comprehensive loss	(601)	(835)
Accumulated deficit	(25,910)	(23,017)
Total stockholders' equity	3,057	5,294
Total liabilities and stockholders' equity	4,783	7,117

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

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MY SIZE, INC. AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statements of Comprehensive Loss

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

	Six-Months Ended June 30,		Three-Months Ended June 30,	
	2019	2018	2019	2018
	\$ thousands (Unaudited)	\$ thousands (Unaudited)	\$ thousands (Unaudited)	\$ thousands (Unaudited)
Revenues	25	-	5	-
Cost of revenues	(1)	-	-	-
Gross profit	24	-	5	-
Operating expenses				
Research and development	(671)	(496)	(379)	(231)
Marketing, general and administrative	(2,179)	(2,332)	(1,189)	(720)
Total operating expenses	(2,850)	(2,828)	(1,568)	(951)
Operating loss	(2,826)	(2,828)	(1,563)	(951)
Financial income (expenses), net	(67)	(1,004)	197	2,542
	(2,893)	(3,832)	(1,366)	1,591
Other comprehensive income (loss):				
Foreign currency translation differences	234	(508)	70	(348)
Total comprehensive income (loss)	(2,659)	(4,340)	(1,296)	1,243
Basic gain (loss) per share	(0.10)	(0.13)	(0.05)	0.05
Diluted gain (loss) per share	(0.10)	(0.13)	(0.05)	0.02
Basic weighted average number of shares outstanding	29,867,410	28,443,746	29,882,265	29,488,161
Diluted weighted average number of shares outstanding	29,867,410	28,443,746	29,882,265	30,024,168

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

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MY SIZE, INC. AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)

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

	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Number	Amount				
Balance as of January 1, 2019	29,852,389	30	29,116	(835)	(23,017)	5,294
Stock-based compensation related to options granted to employees and consultants	-	-	374	-	-	374
Issuance of shares to consultants	31,250	(*)	48	-	-	48
Total comprehensive loss	-	-	-	234	(2,893)	(2,659)
Balance as of June 30, 2019	29,883,639	30	29,538	(601)	(25,910)	3,057

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

Accumulated

Total

	Common stock		Additional paid-in capital	other comprehensive loss	Accumulated deficit	stockholders' equity (deficit)
	Number	Amount				
Balance as of January 1, 2018	22,238,745	22	16,008	(134)	(17,048)	(1,152)
Stock-based compensation related to employees	-	-	106	-	-	106
Issuance of shares to consultants	281,150	1	214	-	-	215
Total comprehensive loss	-	-	-	(508)	(3,832)	(4,340)
Exercise of warrants and options	3,846,515	4	8,454	-	-	8,458
Liability reclassified to equity	82,368	(*)	104	-	-	104
Issuance and receipts on account of shares, net of issuance cost of \$351	3,230,000	3	3,544	-	-	3,547
Balance as of June 30, 2018	<u>29,678,778</u>	<u>30</u>	<u>28,430</u>	<u>(642)</u>	<u>(20,880)</u>	<u>6,938</u>

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

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

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MY SIZE, INC. AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity (Deficit)

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

	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Number	Amount				
Balance as of April 1, 2019	29,852,389	30	29,216	(671)	(24,544)	4,031
Stock-based compensation related to options granted to employees and consultants	-	-	322	-	-	322
Issuance of shares to consultants	31,250	(*)	-	-	-	-
Total comprehensive income (loss)	-	-	-	70	(1,366)	(1,296)
Balance as of June 30, 2019	<u>29,883,639</u>	<u>30</u>	<u>29,538</u>	<u>(601)</u>	<u>(25,910)</u>	<u>3,057</u>

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

	Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Accumulated deficit	Total stockholders' equity
	Number	Amount				
Balance as of April 1, 2018	29,145,927	29	27,698	(294)	(22,471)	4,962
Stock-based compensation related to employees	-	-	10	-	-	10
Issuance of shares to consultants	117,150	1	79	-	-	80
Total comprehensive income	-	-	-	(348)	1,591	1,243
Exercise of warrants and options	333,333	(*)	539	-	-	539
Liability reclassified to equity	82,368	(*)	104	-	-	104
Balance as of June 30, 2018	<u>29,678,778</u>	<u>30</u>	<u>28,430</u>	<u>(642)</u>	<u>(20,880)</u>	<u>6,938</u>

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

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

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MY SIZE, INC. AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statements of Cash Flows

	Six-Months Ended	
	June 30,	
	2019	2018
	\$ thousands (Unaudited)	\$ thousands (Unaudited)
Cash flows from operating activities:		
Net loss	(2,893)	(3,832)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	13	15
Interest payment of short term loan	-	(192)
Revaluation of warrants, derivatives and stock-based compensation liabilities	(269)	1,960
Interest and revaluation of short-term deposit	54	-
Interest received from short-term deposit	16	-
Revaluation of investment in marketable securities	104	(425)

Stock based compensation- equity	422	321
Stock based compensation- liability	-	450
Change in embedded derivative and warrants	-	(61)
Decrease in other receivables and prepaid expenses	127	25
Increase (decrease) in trade payable	(89)	47
Increase (decrease) in accounts payable	91	(57)
Net cash used in operating activities	(2,424)	(1,749)
Cash flows from investing activities:		
Proceeds from short-term deposits	1,200	-
Proceeds from restricted deposits	181	-
Purchase of property and equipment	(15)	(9)
Net cash provided by (used in) investing activities	1,366	(9)
Cash flows from financing activities:		
Proceeds from exercise of warrants and options	-	3,865
Proceeds from issuance of shares, warrants, short term loan and convertible loan	-	5,923
Repayment of short term loan, net	-	(555)
Net cash provided by financing activities	-	9,233
Effect of exchange rate fluctuations on cash and cash equivalents	240	(557)
Increase (decrease) in cash, cash equivalents and restricted cash	(818)	6,918
Cash, cash equivalents and restricted cash at the beginning of the period	5,230	1,872
Cash, cash equivalents and restricted cash at the end of the period (*)	4,412	8,790
Non cash transactions:		
Exercise of warrants and share based compensation to equity	-	4,593
Derivative liability reclassified to equity	-	104

(*) The cash balance as of June 30, 2019, and June 30, 2018, includes a balance of restricted cash in the amount of \$276 and \$69, respectively.

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

MY SIZE, INC. AND ITS SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

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

Note 1 - General

- a. My Size, Inc. is developing unique measurement technologies based on algorithms with applications in a variety of areas, from the apparel e-commerce market, to the courier services market and to the Do It Yourself smartphone and tablet apps market. The technology is driven by proprietary algorithms which are able to calculate and record measurements in a variety of novel ways.

The Company has two subsidiaries, My Size Israel 2014 Ltd. and Topspin Medical (Israel) Ltd., both of which are incorporated in Israel. References to the Company include the subsidiaries unless the context indicates otherwise.

- b. During the six month period ended June 30, 2019, the Company has incurred significant losses and negative cash flows from operations and has an accumulated deficit of \$25,910. The Company has financed its operations mainly through fundraising from various investors.

The Company's management expects that the Company will continue to generate losses and negative cash flows from operations for the foreseeable future. Based on the projected cash flows and cash balances as of June 30, 2019, management is of the opinion that its existing cash will be sufficient to fund operations until the end of second quarter of 2020. As a result, there is substantial doubt about the Company's ability to continue as a going concern.

Management's plans include the continued commercialization of the Company's products and securing sufficient financing through the sale of additional equity securities, debt or capital inflows from strategic partnerships. Additional funds may not be available when the Company needs them, on terms that are acceptable to it, or at all. If the Company is unsuccessful in commercializing its products and securing sufficient financing, it may need to cease operations.

The financial statements include no adjustments for measurement or presentation of assets and liabilities, which may be required should the Company fail to operate as a going concern.

Note 2 - Significant Accounting Policies

- a. Unaudited condensed consolidated financial statements:

The accompanying unaudited condensed consolidated interim financial statements included herein have been prepared by the Company in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC"). The unaudited condensed consolidated financial statements are comprised of the financial statements of the Company. In management's opinion, the interim financial data presented includes all adjustments necessary for a fair presentation. All intercompany accounts and transactions have been eliminated. Certain information required by U.S. generally accepted accounting principles ("GAAP") has been condensed or omitted in accordance with rules and regulations of the SEC. Operating results for the six months ended June 30, 2019 are not necessarily indicative of the results that may be expected for any future period or for the year ending December 31, 2019.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's audited consolidated

b. Use of estimates:

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the amounts reported and disclosed in the financial statements and the accompanying notes. Actual results could differ materially from these estimates.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

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

Note 2 - Significant Accounting Policies (cont'd)

c. Revenue from Contracts with Customers:

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606) (ASU 2014-09), an updated standard on revenue recognition and issued subsequent amendments to the initial guidance in March 2016, April 2016, May 2016 and December 2016 within ASU 2016-08, 2016-10, 2016-12 and 2016-20, respectively (collectively, "ASC 606"). The core principle of the new standard is for companies to recognize revenue to depict the transfer of services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods and services. In addition, the new standard requires expanded disclosures. The Company has adopted the standard effective January 1, 2018. The reported results for the six months ended June 30, 2019 reflect the application of ASC 606 guidance.

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.

During the six month period ended June 30, 2019, the Company began generating revenue by licensing its measuring technology and by performing a pilot on behalf of a customer. The revenue is recognized by the Company once the service has been provided.

d. Impact of recently adopted accounting standard:

1. In February 2016, the FASB issued 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 new guidance will require 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 new standard maintains a distinction between finance leases and operating leases. As a result, the effect of leases in the statement of operations and statement of cash flows is largely unchanged. ASU 2016-02 is effective January 1, 2019. In July 2018, the FASB issued ASU 2018-11, Leases - Targeted Improvements, to allow a company to elect an optional modified retrospective transition method that applies the new lease requirements through a cumulative-effect adjustment in the period of adoption. Effective January 1, 2019, the Company adopted the new lease accounting standard using the modified retrospective transition option of applying the new standard at the adoption date. The Company leases include office space lease agreement and three-year cancelable operating lease agreement for cars. Adoption of the new standard resulted in the recording of operating lease right-to-use assets and operating lease liabilities on the Company's consolidated balance sheets, but did not have an impact on the Company's beginning balance of retained earnings, consolidated statement of operations or statement of cash flows. The most significant impact was the recognition of right-to-use assets and lease liabilities on account of the Company's operating leases. The Company recognized \$127,000 of right of use assets and operating lease liabilities at January 1, 2019. As of June 30, 2019, total of right-of-use assets related to the Company's operating leases was \$81,000 and operating lease liabilities non-current were approximately \$47,000 and \$34,000, respectively.

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

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

Note 3 - Financial Instruments

Fair value of financial instruments:

Accounting Standards Codification ("ASC") 820, Fair Value Measurements and Disclosures, relating to fair value measurements, defines fair value and established a framework for measuring fair value. ASC 820 fair value hierarchy distinguishes between market participant assumptions developed based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, essentially an exit price. In addition, the fair value of assets and liabilities should include consideration of non-performance risk, which for the liabilities described below includes the Company's own credit risk.

In accordance with ASC 820 when measuring the fair value, an entity shall take into account the characteristics of the asset or liability if a market participant

would take those characteristics into account when pricing the asset or liability at the measurement date. Such characteristics include, for example:

- a. The condition and location of the asset.
- b. Restrictions, if any, on the sale or the use of the asset.

As a basis for considering such assumptions, ASC 820 establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

Level 1 - Valuations based on quoted prices in active markets for identical assets that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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

The carrying amounts of cash and cash equivalents, other receivables, short-term loan, trade payables and accounts payable approximate their fair value due to the short-term maturities of such instruments.

The Company holds share certificates in iMine Corporation (“iMine”) formerly known as Diamante Minerals, Inc., a publicly-traded company on the OTCQB.

Due to sales restrictions on the sale of the iMine share, the fair value of the shares was measured on the basis of the quoted market price for an otherwise identical unrestricted equity instrument of the same issuer that trades in a public market, adjusted to reflect the effect of the sales restrictions and is therefore, ranked as Level 2 assets.

	June 30, 2019		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets			
Investment in marketable securities (*)	-	113	-

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MY SIZE, INC. AND ITS SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

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

Note 3 - Financial Instruments (cont'd)

	June 30, 2019		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial liabilities			
Warrants, derivative and stock based compensation liabilities	-	1,042	-

	December 31, 2018		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets			
Investment in marketable securities (*)	-	208	-

	December 31, 2018		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial liabilities			
Warrants, derivative and stock based compensation liabilities	-	1,252	-

(*) For the six and three month period ended June 30, 2019 and 2018, the recognized gain (loss) (based on quoted market prices with a discount due to security-restrictions on iMine shares) of the marketable securities was \$104, \$(425), \$(81) and \$(237), respectively.

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MY SIZE, INC. AND ITS SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

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

Note 4 - Stock Based Compensation

The stock based expense recognized in the financial statements for services received is related to research and development, marketing, general and

administrative expenses and shown in the following table:

	Six months ended June 30,		Three months ended June 30,	
	2019	2018	2019	2018
Stock-based compensation expense - equity awards	422	321	322	90
Stock-based compensation expense - liability awards	-	450	-	16
	422	771	322	106

Option issued to consultants:

In January 2019, the Company entered into an agreement with a consultant (“Consultant12”) to provide services to the Company including promoting the Company’s products and services via potential sources of media. Pursuant to such agreement and in partial consideration for such consulting services, the Company agreed to issue to Consultant12 a warrant to purchase up to 50,000 shares of the Company’s common stock upon execution of the agreement and after six months, a further warrant to purchase 100,000 shares of the Company’s common stock. The warrants are exercisable at \$1.00 per share and have a term of 12 months from the date of issuance.

During the six and three month period ended June 30, 2019, amounts of \$38 and \$17, respectively, were recorded by the Company as stock-based equity awards with respect to Consultant12.

In April 2019, the Company entered into an agreement with a consultant (“Consultant13”) 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 the Consultant13 options to purchase up to 40,000 shares of the Company’s common stock upon execution of the agreement. The options are exercisable at \$1.00 per share, shall vest in 4 equal instalments every 3 month starting July 2019. Unexercised options shall expire 2 years from the effective date.

During the six and three month period ended June 30, 2019, an amount of \$3, was recorded by the Company as stock-based equity awards with respect to Consultant13.

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 3,000,000 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.

MY SIZE, INC. AND ITS SUBSIDIARIES

Notes to Condensed Consolidated Interim Financial Statements (unaudited)

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

Note 4 - Stock Based Compensation (Cont.)

During the six month period ended June 30, 2019, 1,485,550 options were granted, no options were exercised and 15,000 options expired.

The total stock option compensation expense during the six and three month period ended June 30, 2019 which were recorded as research and development, marketing and general and administrative expenses was \$308 and \$289, respectively.

Note 5 - Contingencies and Commitments

- a. On August 7, 2018, the Company commenced an action against North Empire LLC (“North Empire”) in the Supreme Court of the State of New York, County of New York for breach of a Securities Purchase Agreement (the “Agreement”) in which it is seeking damages in an amount to be determined at trial, but in no event less than \$616,000. On August 2, 2018, North Empire filed a Summons with Notice against the Company, also in the same Court, in which they allege damages in an amount of \$11.4 million arising from an alleged breach of the Agreement. On September 6, 2018 North Empire filed a Notice of Discontinuance of the action it had filed on August 2, 2018. On September 27, 2018, North Empire filed an answer and asserted counterclaims in the action commenced by the Company against them, alleging that the Company failed to deliver stock certificates to North Empire causing damage to North Empire in the amount of \$10,958,589. North Empire also filed a third-party complaint against the Company’s CEO and now former Chairman of the Board asserting similar claims against them in their individual capacities. On October 17, 2018, the Company filed a reply to North Empire’s counterclaims. On November 15, 2018, the Company’s CEO and now former Chairman of the Board filed a motion to dismiss North Empire’s third-party complaint. The parties are now engaging in discovery in connection with the claims and counterclaims, and are awaiting the court’s decision on the motion to dismiss North Empire’s third-party complaint.

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

- b. On January 22, 2019, the Company was notified by the Nasdaq Stock Market, LLC (“Nasdaq”) that the Company was not in compliance with the minimum bid price requirements set forth in Nasdaq Listing Rule 5550(a)(2) for continued listing on the Nasdaq Capital Market. Nasdaq Listing Rule 5550(a)(2) requires listed securities to maintain a minimum bid price of \$1.00 per share, and Nasdaq Listing Rule 5810(c)(3)(A) provides that a failure to meet the minimum bid price requirement exists if the deficiency continues for a period of 30 consecutive business days. The notification provided that the Company had 180 calendar days, or until July 22, 2019, to regain compliance with Nasdaq Listing Rule 5550(a)(2). To regain compliance, the bid price of Company’s common stock must have a closing bid price of at least \$1.00 per share for a minimum of 10 consecutive business days. If the Company does not regain compliance by July 22, 2019.

The Company did not regain compliance with the Rule by July 22, 2019 and, as a result, on July 23, 2019, the Company received notice from the Staff that, based upon the Company’s continued non-compliance with the Rule, the Staff had determined to delist the Company’s common stock from Nasdaq unless the Company timely requests a hearing before the Nasdaq Hearings Panel (the “Panel”).

The Company has requested a hearing before the Panel, which request stays any delisting action by the Staff at least pending the issuance of the Panel’s decision following the hearing and the ultimate conclusion of the hearing process. The hearing has been scheduled for September 19, 2019. At the hearing, the Company will present its plan to regain compliance with the Rule and request an extension of time within which to do so. The Company is considering several paths in an effort to regain compliance with the Rule, including, among other things, a reverse stock split; however, there can be no assurance that the Panel will grant the Company’s request for continued listing on Nasdaq or that the Company will be able to regain compliance with the Rule within the period of time that may be granted by the Panel.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis provides information that we believe to be relevant to an assessment and understanding of our results of operations and financial condition for the periods described. This discussion should be read together with our condensed consolidated interim financial statements and the notes to the financial statements, which are included in this Quarterly Report on Form 10-Q. This information should also be read in conjunction with the information contained in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on March 27, 2019, or the Annual Report, including the consolidated annual financial statements as of December 31, 2018 and their accompanying notes included therein.

This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended. Any statements in this Quarterly Report on Form 10-Q about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as "believe," "will," "expect," "anticipate," "estimate," "intend," "plan" and "would." For example, statements concerning financial condition, possible or assumed future results of operations, growth opportunities, industry ranking, plans and objectives of management, markets for our common stock and future management and organizational structure are all forward-looking statements. Forward-looking statements are not guarantees of performance. They involve known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to differ materially from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement.

Any forward-looking statements are qualified in their entirety by reference to the risk factors discussed throughout this Quarterly Report on Form 10-Q. Some of the risks, uncertainties and assumptions that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include but are not limited to:

- our history of losses and needs for additional capital to fund our operations and our inability to obtain additional capital on acceptable terms, or at all;
- our ability to continue as a going concern;
- the new and unproven nature of the measurement technology markets;
- our ability to achieve customer adoption of our products;
- our dependence on assets we purchased from a related party and the risk that such assets may in the future be repurchased;
- our ability to enhance our brand and increase market awareness;
- our ability to introduce new products and continually enhance our product offerings;
- the success of our strategic relationships with third parties;
- information technology system failures or breaches of our network security;
- competition from competitors;
- our reliance on key members of our management team;
- current or future litigation; and
- the impact of the political and security situation in Israel on our business.

The foregoing list sets forth some, but not all, of the factors that could affect our ability to achieve results described in any forward-looking statements. You should read this Quarterly Report on Form 10-Q and the documents that we reference herein and have filed as exhibits to the Quarterly Report on Form 10-Q completely and with the understanding that our actual future results may be materially different from what we expect. You should assume that the information appearing in this Quarterly Report on Form 10-Q is accurate as of the date hereof. Because the risk factors referred to on page 12 of our Annual Report, could cause actual results or outcomes to differ materially from those expressed in any forward-looking statements made by us or on our behalf, you should not place undue reliance on any forward-looking statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of the information presented in this Quarterly Report on Form 10-Q, and particularly our forward-looking statements, by these cautionary statements.

Unless the context otherwise requires, all references to "we," "us," "our" or "the Company" in this Quarterly Report on Form 10-Q are to My Size, Inc. a Delaware corporation, and its subsidiaries, including MySize Israel 2014 Ltd. taken as a whole.

Overview

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

Our solutions can be utilized to accurately take measurements of a variety of items via a mobile device. By downloading the application to a smartphone, the user is then able to run the mobile device over the surface of an item the user wishes to measure. The information is then automatically sent to a cloud-based

server where the dimensions are calculated through our proprietary algorithms, and the accurate measurements (+ or - 2 centimeters) are then sent back to the user's mobile device. We believe that the commercial applications for this technology are significant in many areas.

Currently, we are focusing on the following market segments:

- E-commerce fashion/apparel industry – our main target-market;
- Shipping/parcel; and
- DIY uses.

While we are currently devoting much of our focus on the applications for the e-commerce apparel industry, management believes that all of the above-mentioned applications will be useful to users, retailers and vendors alike.

Results of Operations

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

	Six months ended June 30	
	2019	2018
	(dollars in thousands)	
Revenues	\$ 25	\$ —
Cost of revenues	(1)	—
Gross profit	24	—
Research and development expenses	(671)	(496)
Marketing, general and administrative expenses	(2,179)	(2,332)
Operating loss	(2,826)	(2,828)
Financial income (expenses), net	(67)	(1,004)
Net loss	<u>\$ (2,893)</u>	<u>\$ (3,832)</u>

Six and three Months Ended June 30, 2019 Compared to Six and three Months Ended June 30, 2018

Revenues

From inception through December 31, 2018, we have not generated any revenue from operations and expect to incur additional losses to perform further research and development activities. We started to generate revenues only in 2019. Our revenues for the six months ended June 30, 2019 amounted to \$25,000 compared to none for the six months ended June 30, 2018. The increase from the corresponding period primarily resulted from new pilot and license agreements. Our revenues for the three months ended June 30, 2019 amounted to \$5,000 compared to none for the three months ended June 30, 2018. The increase from the corresponding period primarily resulted from a new license agreement.

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Research and Development Expenses

Our research and development expenses for the six months ended June 30, 2019 amounted to \$671,000 compared to \$496,000 for the six months ended June 30, 2018. The increase from the corresponding period primarily resulted from the hiring of new employees and expenses associated with share-based payments to our employees.

Our research and development expenses for the three months ended June 30, 2019 amounted to \$379,000 compared to \$231,000 for the three months ended June 30, 2018. The increase from the corresponding period primarily resulted from the hiring of new employees and expenses associated with share-based payments to our employees.

Marketing, General and Administrative Expenses

Our marketing, general and administrative expenses for the six months ended June 30, 2019 amounted to \$2,179,000 compared to \$2,332,000 for the six months ended June 30, 2018. The decrease in comparison with the corresponding period was mainly due to a reduction in share-based payment expenses of consultants and professional services expenses which were offset by an increase in marketing expenses. For the six months ended June 30, 2019, we had an expense of \$330,000 in respect of share-based payments, in comparison with an expense of \$740,000 in respect of share-based payments for the six months ended June 30, 2018.

Our marketing, general and administrative expenses for the three months ended June 30, 2019 amounted to \$1,189,000 compared to \$720,000 for the three months ended June 30, 2018. The increase in comparison with the corresponding period was mainly due to an increase in share-based payment expenses of employees, professional services expenses and marketing expenses. For the three months ended June 30, 2019, we had an expense of \$247,000 in respect of share-based payments, in comparison with an expense of \$103,000 in respect of share-based payments for the three months ended June 30, 2018.

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Financial Expenses, Net

Our financial expenses, net for the six months ended June 30, 2019 amounted to \$67,000 compared to financial expenses, net of \$1,004,000 for the six months ended June 30, 2018. The decrease in comparison with the corresponding period was mainly due to income of \$260,000 for the six months ended June 30, 2019 from change in fair value of warrants as opposed to expenses of \$1,927,000 for the six months ended June 30, 2018.

Our financial income, net for the three months ended June 30, 2019 amounted to \$197,000 compared to financial income, net of \$2,542,000 for the three months ended June 30, 2018. The decrease compared to the corresponding period was mainly due to income of \$173,000 for the three months ended June 30, 2019 from change in fair value of warrants compared to an income of \$1,972,000 for the three months ended June 30, 2018.

Net Loss

As a result of the foregoing research and development, marketing general and administrative expenses, and financial expenses, our net loss for the six months ended June 30, 2019 was \$2,893,000, compared to net loss of \$3,832,000 for the six months ended June 30, 2018. The decrease in net loss is due to the

reduction of share-based payment expenses, and professional services expenses, as well as an increase in income from the revaluation of warrants, derivatives and stock based compensation liabilities as opposed to expenses incurred in the corresponding period.

As a result of the foregoing research and development, marketing general and administrative expenses, and financial expenses, our net loss for the three months ended June 30, 2019 was \$1,366,000, compared to net income of \$1,591,000 for the three months ended June 30, 2018. The decrease in net loss is due to the decrease in income from the revaluation of warrants, derivatives and stock based compensation liabilities offset by an increase of share-based payment expenses, and professional services expenses, from the corresponding period.

Liquidity and Capital Resources

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

As of June 30, 2019, we had cash, cash equivalents and restricted cash of \$4,412,000 and no short term deposit compared to \$5,230,000 of cash, cash equivalents and restricted cash, \$181,000 in a short-term restricted deposit and \$1,209,000 in a short-term deposit as of December 31, 2018. This decrease primarily resulted from our operating activities.

Cash used in operating activities was \$2,424,000 for the six months ended June 30, 2019, compared to \$1,749,000 for the six months ended June 30, 2018.

Net cash provided by investing activities was \$1,366,000 for the six months ended June 30, 2019, compared to cash used in investing activities of \$9,000 for the six months ended June 30, 2018. The net cash provided by investing activities for the six months ended June 30, 2019 was mainly due to the proceeds from short-term and restricted deposits in comparison to the cash used to purchase property and equipment during the six months ended June 30, 2018.

We had no cash flow from financing activities for the six months ended June 30, 2019, compared to \$9,233,000 for the six months ended June 30, 2018. The cash flow from financing activities for the six months ended June 30, 2018 was due to a public offering of our securities and proceeds from the exercise of the warrants.

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We do not have any material commitments for capital expenditures during the next twelve months.

We expect to continue to generate losses and negative cash flows from operations for the foreseeable future. Based on the projected cash flows and cash balances as of June 30, 2019, management is of the opinion that our existing cash will be sufficient to fund operations until the end of second quarter 2020 without further fund raising. As a result, there is substantial doubt about the Company's ability to continue as a going concern. Management's plans include the continued commercialization of our products and securing sufficient financing through the sale of additional equity securities, debt or capital inflows from strategic partnerships. 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 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.

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

Off-Balance Sheet Arrangements

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

Application of Critical Accounting Policies and Estimates

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

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

Revenue from Contracts with Customers

We account for our revenue from contracts with customers in our financial statements based on ASC 606.

To recognize revenue under ASC 606, we apply 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 license and/or 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 company provides a service, revenue is recognized over the service term.

Research and development expenses

Research expenses are recognized as expenses when incurred. Costs incurred on development projects are recognized as intangible assets as of the date as of which it can be established that it is probable that future economic benefits attributable to the asset will flow to us considering its commercial feasibility. This is generally the case when regulatory approval for commercialization is achieved and costs can be measured reliably. Given the current stage of the development of our products, no development expenditures have yet been capitalized. Intellectual property-related costs for patents are part of the expenditure for the research and development projects. Therefore, registration costs for patents are expensed when incurred as long as the research and development project concerned does not meet the criteria for capitalization.

Equity-based compensation

We account for our employees' share-based compensation as an expense in the financial statements based on ASC 718. All awards are equity classified and therefore the cost is measured at the grant date fair value of the award. We estimate share option grant date fair value using the Binomial option pricing model.

We recorded stock options issued to non-employees at fair value, remeasured to reflect the current fair value at each reporting period and recognized expenses over the service period. We elected to early implement ASU 2018-07, Stock Compensation: Improvements to Nonemployee Share-Based Payment Accounting, from October 1, 2018.

In accordance with ASU 2018-07, we measured stock options at the implementation date and reclassified the share based payments from a liability share based payments awards to equity share based payments awards. The fair value as of the implementation date will be recognized over the remaining service period. We estimate share option grant date fair value using the Binomial option pricing model.

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

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

We have historically not paid dividends and have no foreseeable plans to pay dividends.

Item 3. Quantitative and Qualitative Disclosure About Market Risk.

Not required for a smaller reporting company.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

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

As required by Rule 13a-15(b) under the Exchange Act, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2019. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of June 30, 2019 were effective.

Our Chief Executive Officer and Chief Financial Officer do not expect that our disclosure controls and procedures or our internal controls will prevent all error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered

relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Changes in Internal Controls

During the most recent fiscal quarter, in connection with the new contracts with customers, we designed controls for the order to cash process to identify and recognize revenue and implemented internal controls for the prevention of errors in financial reporting of revenue from contracts with customers.

There were no other changes in our internal control over financial reporting that occurred during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II – Other Information

Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

On August 7, 2018, we commenced an action against North Empire LLC, or North Empire, in the Supreme Court of the State of New York, County of New York for breach of a Securities Purchase Agreement (the “Agreement”) in which we are seeking damages in an amount to be determined at trial, but in no event less than \$616,000. On August 2, 2018, North Empire filed a Summons with Notice against 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. The parties are now engaging in discovery in connection with the claims and counterclaims, and are awaiting the Court’s decision on the motion to dismiss North Empire’s third-party complaint. We intend to vigorously defend any claims made by North Empire.

Item 1A. Risk Factors.

Not required for a smaller reporting company.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description of Exhibits
10.1*	Termination Agreement between My Size Israel 2014 Ltd. and Eli Walles dated July 23, 2019.
31.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C Section 1350, as adopted Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Schema
101.CAL*	XBRL Taxonomy Calculation Linkbase
101.DEF*	XBRL Taxonomy Definition Linkbase
101.LAB*	XBRL Taxonomy Label Linkbase
101.PRE*	XBRL Taxonomy Presentation Linkbase

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 8, 2019

My Size, Inc.

By: /s/ Ronen Luzon
Ronen Luzon
Chief Executive Officer
(Principal Executive Officer)

Date: August 8, 2019

By: /s/ Or Kles
Or Kles
Chief Financial Officer
(Principal Financial and Accounting Officer)

EX-10.1 2 f10q0619ex10-1_mysizeinc.htm TERMINATION AGREEMENT BETWEEN MY SIZE ISRAEL 2014 LTD. AND ELI WALLE DATED JULY 23, 2019

Exhibit 10.1

TERMINATION AGREEMENT

Signed and entered on the 23 day of the month of July 2019

By and Between: My Size Israel 2014 Ltd.,
I.D. No. 515036895
Of 3 Arava St., Airport City
(the "Company")

of the one part:

And: Eliyahu Wales, I.D. No. 040914368
Of 9 Menachem St., Bnei Brak
(the "Employee")

of the second part:

WHEREAS: the Employee was employed by the Company as of September 10, 2013, all in accordance with the provisions of the employment agreement dated November 18, 2018 (the "Employment Agreement"); and

WHEREAS: the Employee tendered his resignation as Employee, and following such tender the Employee and the Company reached an agreement with respect to termination of Employee's employment and the Employee delivered his formal written notice of resignation to the Company on June 2, 2019; and

WHEREAS: the Company and the Employee (the "Parties") desire to enter in writing the terms and conditions of the Employee's termination of employment, as set forth in this agreement (the "Agreement").

THE FOLLOWING HAS THEREFORE BEEN AGREED, DECLARED AND STIPULATED BETWEEN THE PARTIES:

1. Preamble and Definitions

- 1.1. The preamble to this Agreement constitutes an integral part hereof.
- 1.2. The headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

2. Termination of Employment

- 2.1. The employer-employee relationship between the Parties shall end on June 1, 2019 (the "Termination Date").
- 2.2. On an *ex-gratia* basis, the Company has decided to provide the Employee with an extended notice period of 4 months instead of 75 days, as detailed in the Employment Agreement. The period commencing on June 1, 2019 until September 30, 2019 will be considered as the notice period (the "Notice Period").

2.3. During the Notice Period, the Employee will not be required to fulfill his position and the Company waives the Employee's work at any time during the Notice Period. The Employee will receive a payment in lieu of the Notice Period.

2.4. It was specifically agreed between the Parties that during the Notice Period the Employee shall not be entitled to any payments for his participation in any meeting of the Company's Board of Directors or any of its committees.

2.5. The period commencing on September 10, 2013 and until the Termination Date shall be referred to as "Employment Term".

3. Company's Undertakings

3.1. Together with the salary of May 2019, the Company shall conduct a final settlement with the Employee and shall pay to the Employee the following amounts, due to the according to law as a result of termination of his employment:

- 3.1.1. The last salary in respect of May 2019;
- 3.1.2. Redemption of accrued and unused vacation days (if any);
- 3.1.3. Redemption of accrued convalescence pay (if any);
- 3.1.4. Payment in lieu of the Notice Period, as detailed in Section 2 above;

3.2. In addition to the settlement payments above, the Company will provide the Employee with the following documents:

- 3.2.1. Pension Monies: the Employee shall receive a release letter addressed to the provident fund releasing to him all the pension monies accrued during the Employment Term at the Managers' Insurance policy "Migdal" and "Migdal" pension fund.

3.2.2. Education Fund Monies: the Employee shall receive a release letter addressed to the "Migdal" education fund releasing to him all the education fund monies accrued during the Employment Term.

3.2.3. Severance Pay Monies accrued within the provident funds: the Employee shall receive a release letter addressed to the provident fund releasing to him all the severance pay monies accrued during the Employment Term at the Managers' Insurance policy "Migdal" and "Migdal" pension fund. The Company shall issue 161 form for the Employee for the severance pay amounts.

3.2.4. Letter of confirmation of the Employment Term, as per law.

- 3.3. The Employee shall bear all tax liabilities that shall apply to any payments and/or benefits under this Agreement.
- 3.4. The vesting of the options granted to the Employee will cease on the Termination Date. On an *ex-gratia* basis, the Company has decided to provide the Employee with the right to exercise the vested portion of the options until 1 June 2020.
- 3.5. The Company declares, that as an officer of the Company, the Employee was included and covered by a global Directors' and Officers' liability insurance, covering claims against the Company's Directors and Officers during the time he was an officer and following his termination.

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- 3.6. By signing this Agreement, and subject to the Employee fulfilling all his obligation under this Agreement, the Company hereby specifically waives any claim it may have, if any, against the Employee.
- 3.7. The Company undertakes not to harm the good name and/or the reputation of the Employee, including any statement, interview, off-record discussions with reporters or private discussions, all with no time limit and to refrain from any assistance to any legal proceeding against the Employee by any other third parties.
- 3.8. The Company's parent company, Mysize Inc, shall guarantee towards the Employee the Company's undertakings in this Section 3.

4. Employee's Declarations and Undertakings

- 4.1. The Employee declares that he shall return to the Company all of the property and/or equipment, including any documents which belong to the Company, in his possession and/or which he created for the Company, no later than the Termination Date.
- 4.2. The Employee hereby reconfirms all his undertakings and declarations pursuant to Appendix B of the Employment Agreement, and declares that the provisions of such Appendix shall continue to apply following the Termination Date.
- 4.3. The Employee undertakes not to harm the good name and/or the reputation of the Company, including any statement, interview, off-record discussions with reporters or private discussions, all with no time limit and to refrain from any assistance to any legal proceeding against the Company by any other third parties.
- 4.4. Subject to the receipt of all of the amounts and/or benefits as set forth in this Agreement above, the Employee confirms that he has received from the Company all of the rights and the amounts which are due to him in connection with the entire Employment Term and/or the termination of his employment, including salary, overtime, vacation pay and/or vacation redemption pay, convalescence pay and/or convalescence redemption pay, sick pay, holiday pay, contributions to pension schemes, contributions to education fund, premiums and bonuses of all kinds, travel expenses and/or car allowance, notice period pay and severance pay, and any other payment arising from the Employment Term and/or from the termination of employment to which he was entitled by virtue of any law and/or statute and/or the Employment Agreement and/or practice.
- 4.5. By signing this Agreement, and subject to the receipt of all of the amounts and/or benefits as set forth in this Agreement above, the Employee hereby specifically waives any claim he may have, if any, with respect to ownership of any intellectual property that was created by him during the Employment Term and/or any special consideration for such property, if any.
- 4.6. Subject to the receipt of all of the amounts and/or benefits as set forth in this Agreement above, the Employee confirms that all of the amounts and/or benefits as set forth in this Agreement above, constitute the final, agreed and absolute arrangement which exhausts all of the claims, demands and lawsuits of the Employee against the Company, and that he has no claims and shall have no claims, demands or lawsuits of any kind or nature, contractual, tort or other, based on any grounds whatsoever, or in any manner whatsoever, against the Company, and the Employee undertakes to refrain from any legal proceeding against the Company with regard to claims and/or demands and/or lawsuits of any kind or nature, and which arise from any law or statute whatsoever, in Israel or any other jurisdiction.
- 4.7. This Agreement shall also constitute a settlement and release agreement as construed in section 29 of the Severance Pay Law, 1963.

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- 4.8. Without derogating from any remedy available to Company under applicable law, in any event of a breach of the Employee's undertakings pursuant to this section above, the Employee undertakes: (1) to return to the Company any *ex-gratia* payments paid to him by the Company under this Agreement, plus linkage differentials and interest as required by law; (2) to indemnify the Company in respect of any expense which shall be caused to the Company following the said breach, including attorneys' fees.
- 4.9. With respect to the Employee's declarations and undertakings, the term "**Company**" in this Agreement also means any entity related to the Company by way of a relationship of a parent company, sister company, grandparent company, and so on and so forth, and its employees and/or its authorized representatives and/or acting on its behalf, including all the officers of such entities, all jointly and/or severally.
- 4.10. In regards to the Non-Competition undertakings of the Employee as detailed in the Employment Agreement, if the Company will become aware of any breach or a potential breach by the Employee of his Non-Compete undertakings, it will notify the Employee of such breach or potential breach, and demand the Employee to immediately cease any such action or actions. Nothing in this section is to derogate from the Employee's undertakings or obligations in the Employment Agreement or to derogate from any legal right of the Company, including its rights under the Employment Agreement.

5. Miscellaneous

- 5.1. This Agreement constitutes the entire agreement between the parties in connection with the terms of the Employee's termination of employment with the Company and all prior negotiations, agreements and understandings, written or oral, between the Parties with respect to Employee's termination prior to this Agreement shall be of no force or effect.
- 5.2. Nothing in this Agreement shall derogate from any of the Employee's obligations according to the Employment Agreement and the applicable law.

In witness whereof, the Parties have executed this Agreement:

Company

Employee

Date

Date

My Size Inc. with respect to its obligations in section 3 above only, has caused this Agreement to be executed by its officer's thereunto duly authorized

My Size Inc.

By: _____

Date:

Attorney Confirmation

I, the undersigned, _____ Attorney at Law, License No. _____, hereby confirm that Eliyahu Wales, ID No. 040914368, has signed this Agreement after I had explained to him the content, the meaning and the legal implications hereof, and after he had told me that the meanings as stated above are clear to him.

Date: _____

Attorney's Signature and Stamp

EX-31.1 3 f10q0619ex31-1_mysizeinc.htm CERTIFICATION

Exhibit 31.1

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

I, Ronen Luzon certify that:

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

Date: August 8, 2019

By: /s/ Ronen Luzon
Ronen Luzon
Chief Executive Officer
(Principal Executive Officer)

EX-31.2 4 f10q0619ex31-2_mysizeinc.htm CERTIFICATION

Exhibit 31.2

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

I, Or Kles, certify that:

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

Date: August 8, 2019

By: /s/ Or Kles

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

EX-32.1 5 f10q0619ex32-1_mysizeinc.htm CERTIFICATION

Exhibit 32.1

**CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of My Size, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ronen Luzon, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 8, 2019

By: /s/ Ronen Luzon

Ronen Luzon
Chief Executive Officer
(Principal Executive Officer)

EX-32.2 6 f10q0619ex32-2_mysizeinc.htm CERTIFICATION

Exhibit 32.2

**CERTIFICATIONS PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

In connection with the Quarterly Report of My Size, Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Or Kles, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 8, 2019

By: /s/ Or Kles

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