

Designit T.L.V. Ltd.

Financial Statements

As at March 31, 2021

Designit T.L.V. Ltd.
Financial Statements
March 31, 2021

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Auditor's Report to the Shareholders of
Designit T.L.V. Ltd.

I have audited the accompanying balance sheets of **Designit T.L.V. Ltd.** (hereinafter – “the Company”) as at March 31, 2021 and 2020, and the Company’s statements of operations and the statements of changes in shareholders’ equity for the years ended on those dates. These financial statements are the responsibility of the Company’s Board of Directors and its Management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards, including those prescribed by the Auditors’ Regulations (Auditor’s Mode of Performance), 1973. Those standards require that I plan and perform the audits to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles applied and significant estimates made by the Company’s Board of Directors and its Management, as well as evaluating the overall financial-statement presentation. I believe that my audits provide an appropriate basis for my opinion.

In my opinion, the above-mentioned financial statements present fairly, in accordance with generally accepted accounting principles, in all material respects, the financial position of the Company at March 31, 2021 and 2020

8, and the results of its operations and the changes in its shareholders’ equity for each of the years ended on those dates – based on the historical cost convention in nominal historical values.

As stated in Note 2, the above-mentioned financial statements are presented in reported amounts, in accordance with accounting standards of the Israeli Accounting Standards Board.


Nativ Ben-Zeev
Certified Public Accountant (Isr.)

May 10, 2021

Designit T.L.V. Ltd.
Balance Sheets

		As at	
		March 31 2021	March 31 2020
		New Israeli Shekels	
	Note		
ASSETS			
<u>Current Assets</u>			
Cash		2,894,105	1,395,843
Deposits		450,480	450,095
Trade receivables	3	1,356,475	4,207,453
Other receivables and debit balances	4	494,080	<u>2,538,682</u>
		<u>5,195,139</u>	<u>8,592,072</u>
<u>Investments</u>			
Loan	13	<u>1,860,870</u>	<u>1,862,383</u>
<u>Non – Current Assets</u>			
Fixed assets less accumulated depreciation	2, 5	455,553	697,668
Use right assets (IFRS 16)	10	282,707	733,149
Establishment expenses		<u>2,880</u>	<u>2,880</u>
		741,139	<u>1,433,697</u>
		<u>7,797,147</u>	<u>10,025,770</u>
LIABILITIES AND EQUITY			
<u>Current Liabilities</u>			
Trade payables		246,211	301,142
Other payables and credit balances	6	<u>1,280,626</u>	<u>1,568,596</u>
		<u>1,526,837</u>	<u>1,869,739</u>
<u>Non – Currents Liabilities</u>			
Liability for lease (IFRS 16)	10	<u>294,992</u>	<u>771,611</u>
<u>Shareholders' Equity</u>			
	7-9	<u>5,975,316</u>	<u>7,384,418</u>
		<u>7,797,147</u>	<u>10,025,770</u>

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Joaquin Guirao	Mohit Bansal

Manager

The notes to the financial statements are an integral part thereof.

Designit T.L.V. Ltd.
Statements of Operations

		Year Ended March	Year Ended March
		2021	2020
	Note		
Revenues	11	11,800,364	15,520,903
Cost of work performed (List A)		<u>(8,057,565)</u>	<u>(8,804,904)</u>
Gross profit		3,742,799	6,715,999
Administrative and general expenses (List B)		<u>(5,173,863)</u>	<u>(6,310,424)</u>
Income (loss) before financing expenses		(1,431,064)	405,575
Financing income/(expenses)		<u>21,961</u>	<u>(67,966)</u>
Income (loss) before taxes on income		(1,409,103)	337,609
Taxes on income		<u>-</u>	<u>(123,119)</u>
Net income (loss) for the period		<u>(1,409,103)</u>	<u>214,490</u>

The notes to the financial statements are an integral part thereof.

Designit T.L.V. Ltd.
Statements of Changes in Shareholders' Equity

	<u>Note</u>	<u>Share Capital</u>	<u>Premium on Shares</u>	<u>Capital Reserve</u>	<u>Retained Earnings</u>	<u>Total</u>
		<u>New Israeli Shekels</u>				
Balance at March 31, 2019		<u>85</u>	<u>698,447</u>	<u>(77,012)</u>	<u>6,599,794</u>	<u>7,221,316</u>
First effect of the implementation Of IFRS 16		<u>—</u>	<u>—</u>	<u>—</u>	<u>(51,387)</u>	<u>(51,387)</u>
Income for the period April 2019 –March 2020		<u>—</u>	<u>—</u>	<u>—</u>	<u>214,490</u>	<u>214,490</u>
Balance at March 31, 2020		<u>85</u>	<u>698,447</u>	<u>(77,012)</u>	<u>6,762,897</u>	<u>7,384,419</u>
Loss for the period April 2020 –March 2021		<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,409,103)</u>	<u>(1,409,103)</u>
Balance at March 31, 2021		<u>85</u>	<u>698,447</u>	<u>(77,012)</u>	<u>5,353,794</u>	<u>5,975,316</u>

The notes to the financial statements are an integral part thereof.

Designit T.L.V. Ltd.
Notes to the Financial Statements
March 31, 2020

Note 1 – General

- A. The Company was established on March 1, 2005 and commenced its activities on the same date.
- B. The Company is engaged in provision of services in the area of product design.
- C. As part of the said issuance, the Company's name was changed from "Nicenet Ltd." to "Designit T.L.V. Ltd." (see also Note 13).

Note 2 – Significant Accounting Policies

A. Effect of Changes in the Purchasing Power of the Israeli Currency and Transition to Reported Amounts

- (1) These financial statements are prepared on the basis of reported amounts as required by standards of the Israeli Accounting Standards Board.
- (2) A reported amount for purposes of the accounting standards is the adjusted amount as at the transition date (December 31, 2003) plus amounts in nominal values added after the transition date and less amounts eliminated after this date.

B. Fixed Assets

The fixed assets are presented at cost less accumulated depreciation.

In 2018 due to change of fixed assets policy by parent company, Designit TLV has changed the calculation of depreciation according to new policy to the following rates:

	<u>%</u>
Computers	50
Electronic equipment	20
Furniture and equipment	20
Leasehold improvements	20

The parent company decided that items less than 1000 EUR should be fully depreciated in the year in which it was purchased.
Depreciation for Tax Authorities is calculated according to Israeli rules.

C. Statement of Cash Flows

A statement of cash flows was not prepared since, in the opinion of Company management, it would not add significant information to the financial statements.

Designit T.L.V. Ltd.
Notes to the Financial Statements
March 31, 2020

Note 3 – Trade Receivables

	March 31	March 31
	2021	2020
	New Israeli Shekels	
Trade receivables	1,381,475	4,232,453
Less – provision for doubtful debts	(25,000)	(25,000)
	<u>1,356,475</u>	<u>4,207,453</u>

Note 4 – Other Receivables and Debit Balances

	March 31	March 31
	2021	2020
	New Israeli Shekels	
Assessing officer	26,800	-
Sister companies	207,040	68,086
Vehicle deposit and gas suppliers	4,563	36,948
Advances to supplier	1,692	9,440
Income receivable	-	309,088
Prepaid expenses	253,985	252,736
	<u>494,080</u>	<u>676,299</u>

Note 5 – Fixed Assets less Accumulated Depreciation

	Cost		Accumulated Depreciation		Depreciated Cost	
	March	March	March	March	March	March
	2021	2020	2021	2020	2021	2020
	New Israeli Shekels					
Computers	334,253	289,031	285,834	264,415	48,419	24,616
Leasehold improvements	2,058,555	1,888,183	1,669,955	1,261,758	388,599	626,425
Furniture and equipment	<u>209,464</u>	<u>206,514</u>	<u>190,929</u>	<u>159,887</u>	<u>18,534</u>	<u>46,627</u>
	<u>2,602,271</u>	<u>2,383,729</u>	<u>2,146,718</u>	<u>1,686,060</u>	<u>455,553</u>	<u>697,668</u>

Notes to the Financial Statements
March 31, 2021

Note 6 – Other Payables and Credit Balances

	<u>March 31</u> <u>2021</u>	<u>March 31</u> <u>2020</u>
	<u>New Israeli Shekels</u>	
Sister company	48,425	70,791
Provision for bonus	27,360	229,877
Salary-related agencies, Employees	853,151	796,676
Value Added Tax	34,306	177,573
Assessing officer	-	46,119
Accrued expenses	99,624	63,170
Advances from customers	-	18,428
Provision for recreation	51,011	44,158
Provision for vacation	138,834	102,510
Credit companies	27,915	19,295
	<u>1,280,626</u>	<u>1,568,596</u>

Note 7 – Share Capital

	<u>At March 31, 2021</u>		
	<u>Authorized</u>	<u>Issued</u>	<u>Paid-Up</u>
Ordinary shares of NIS 1 par value	<u>50,000</u>	<u>85</u>	<u>85</u>

Note 8 – Acquisition by the Company of its Own Shares

- A. On September 28, 2006, the Company undertook with one of its shareholders to acquire 34 of the Company's shares in exchange for a consideration of NIS 100,000.
- B. The Company presents the acquisition of its shares as a redemption of equity, by means of proportionately reducing the balance of the share capital and retained earnings as at January 1, 2007

Designit T.L.V. Ltd.
Notes to the Financial Statements
March 31, 2021

Note 9 – Issuance of Shares

During August 2012, an agreement was signed between the Company's shareholders and a foreign company from Denmark (hereinafter – "the Holdit Group"), whereby the Holdit Group acquired 50% of the Company's shares, for a consideration of €695 thousand. In addition, the Holdit Group acquired a further 10% of the Company's shares in exchange for an investment of €139 thousand in the Company's share capital.

After execution of the said transaction, the Holdit Group holds 60% of the Company's shares, while the remaining 40% is held by the prior shareholders.

As part of the transaction it was determined that only the individual shareholders will be entitled to withdrawal as a dividend the entire amount of the Company's surplus as at June 30, 2012, subject to the Company's cash flow capabilities.

During 2013, a reorganization process is scheduled to begin within the Group that could also impact the Company.

During 2015, Wipro Limited has purchased 100% of Designit Group.

Note 10 - Leases

The company chose to implement the standard retrospectively, and presented the cumulative effect of implementing the standard for the first time in coordination with the opening balance of the surplus on the first date of application, ie March 31, 2019.

At the date of first implementation, real estate and group leases that were treated as operating leases were recognized as assets and liabilities in the report on the Group's financial situation as follows:

- * Lease commitments were recognized and measured at the date of initial application for the current value of remaining lease payments, be capitalized by using the group's additional interest rate on each lease at the time of first application.
- * The right of use has been recognized and measured at the time of application for the first time in the books value as if the standard had been implemented from the date the lease was started, But capitalized on the lessee's additional interest rate at the time of application for the first time.

The cost of the asset is a right of use consists of the first measurement amount of a lease commitment, any lease payments made on or before the start date and initial direct costs. Subsequently, a right of use is measured at cost less deduction accumulated depreciation and Impairment losses.

Where the Group is committed to the costs of dismantling and removing the base asset, restoring the site where the asset is located or replaced against the cost IAS 37 the underlying asset for a condition that is in accordance with the terms of the lease, the group Recognizes the provision in accordance with Property right of use unless these costs are Incurred to produce inventory.

Designit T.L.V. Ltd.
Notes to the Financial Statements
March 31, 2021

Note 12- Option's plan for employees

During the year 2020, options of the parent company were issued to one of company's employees. According to the option plan, in 2020 and 2021 the parent company debited the company for 17,780 And 30,517, respectively.. This amount was reflected at these financial statements as a part of option plan expenses.

Note 13- Loan to Designit A/S

In 2020 the company gave a loan to the holding company (Designit A/S) 475,652 euros. The loan carries an interest rate of 3.178% per annum. The loan is due om March 31,2022.

Note 14 – Related Parties

	March 31	March 31
	2021	2020
	New Israeli Shekels	
Designit A/S	14,800	1,791,592
Designit Denmark A/S – London Branch	192,240	34,665
Wipro Limited	(48,425)	-
Designit North America, Inc.	-	33,421
	<u>158,615</u>	<u>1,859,678</u>
A. Balance Sheet Balances		
B. Revenues and Expenses		

	March 31	March 31
	2021	2020
	New Israeli Shekels	
<u>Revenues</u>		
Designit Germany GmbH	-	133,676
Designit Denmark A/S – London Branch	472,095	253,022
Designit North America, Inc.	-	481,374
Deisignit Tokyo Co. Ltd.	-	82,886
Designit A/S	1,015,456	1,001,969
	<u>1,487,551</u>	<u>1,952,928</u>
<u>Expenses</u>		
Designit Germany GmbH	-	27,633
Designit Denmark A/S – London Branch	40,925	-
Designit Spain Digital S.L.	-	42,297
Designit Oslo AS	-	28,159
Designit A/S	926,953	-
	<u>967,878</u>	<u>1,140,167</u>
		<u>1,238,256</u>

Designit T.L.V. Ltd.

List A – Cost of Work Performed
March 31, 2021

	<u>March 31</u>	<u>March 31</u>
	<u>2021</u>	<u>2020</u>
	<u>New Israeli Shekels</u>	
Salaries -Designers	7,314,736	7,337,979
Foreign travel	-	170,177
Subcontractors	<u>742,829</u>	<u>1,296,749</u>
	<u>8,057,565</u>	<u>8,804,904</u>

Designit T.L.V. Ltd.
List B – Administrative and General Expenses
March 31, 2021

	<u>March</u>	<u>March</u>
	<u>31</u>	<u>31</u>
	<u>2021</u>	<u>2020</u>
	<u>New Israeli Shekels</u>	
Salaries and salary-related expenses, Administration	2,150,957	2,626,792
Commissions to banks and credit companies	15,166	23,280
Messengers and deliveries	9,706	4,687
Maintenance and cleaning	60,658	94,930
Communications	35,856	53,824
Entertainment	-	11,125
Insurance	42,131	43,029
Office expense	17,633	32,899
Professional services	114,034	224,638
Fees and impositions	1,143	2,224
Advertising	18,647	61,147
PC requirements	83,419	110,646
Office rent	138,085	141,332
Electricity	23,669	24,920
Vehicle maintenance (including depreciation)	25,969	57,388
Office Insurance	36,863	36,098
Professional literature and professional education	10,457	119,686
Municipal taxes	151,347	199,537
Legal fees	49,329	24,776
Domestic travel	-	2,269
Foreign travel	-	33,775
Refreshments and gifts	122,375	207,470
Management fees to Holding Company	1,005,117	1,136,682
Depreciation of use right (see Note 10)	570,129	573,912
Depreciation (see also Note 2B(2))	460,657	444,579
Option's plan for employees (see Note 11)	<u>30,517</u>	<u>18,780</u>
	<u>5,173,863</u>	<u>6,310,424</u>