

**Designit T.L.V. Ltd.**

**Financial Statements**

**As at March 31, 2022**

Designit T.L.V. Ltd.  
Financial Statements  
March 31, 2022

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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, 2022 and 2021, 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, 2022 and 2021

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 12, 2022

**Designit T.L.V. Ltd.**  
**Balance Sheets**

		<b>As at</b>	
		<b>March</b>	<b>March</b>
		<b>31</b>	<b>31</b>
		<b>2022</b>	<b>2021</b>
		<b>New Israeli Shekels</b>	
<b>ASSETS</b>	<b>Note</b>		
<b><u>Current Assets</u></b>			
Cash		1,672,416	2,894,105
Deposits		-	450,480
Trade receivables	3	3,549,285	1,074,671
Other receivables and debit balances	4	<u>1,114,214</u>	<u>775,884</u>
		<u>6,335,914</u>	<u>5,195,139</u>
<b><u>Investments</u></b>			
Loan	12	<u>-</u>	<u>1,860,870</u>
<b><u>Non – Current Assets</u></b>			
Fixed assets less accumulated depreciation	2, 5	309,935	455,553
Use right assets (IFRS 16)	10	2,421,931	282,707
Establishment expenses		2,880	2,880
		<u>2,734,746</u>	<u>741,140</u>
		<u>9,070,659</u>	<u>7,797,147</u>
<b>LIABILITIES AND EQUITY</b>			
<b><u>Current Liabilities</u></b>			
Trade payables		266,330	246,211
Other payables and credit balances	6	<u>1,908,399</u>	<u>1,280,626</u>
		<u>2,174,729</u>	<u>1,526,838</u>
<b><u>Non – Currents Liabilities</u></b>			
Liability for lease (IFRS 16)	10	<u>2,255,512</u>	<u>294,992</u>
<b><u>Shareholders' Equity</u></b>			
	7-9	<u>4,640,416</u>	<u>5,975,316</u>
		<u>9,070,659</u>	<u>7,797,147</u>

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Manager

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

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

		<u>Year Ended March</u>	<u>Year Ended March</u>
		<u>2022</u>	<u>2021</u>
	<u>Note</u>		
Revenues	11	13,714,789	11,800,364
Cost of work performed (List A)		<u>(8,902,389)</u>	<u>(8,057,565)</u>
<b>Gross profit</b>		4,812,401	3,742,799
Administrative and general expenses (List B)		<u>(5,836,204)</u>	<u>(5,173,863)</u>
<b>Income (loss) before financing expenses</b>		(1,023,804)	(1,431,064)
Financing income/(expenses)		<u>(311,096)</u>	<u>21,961</u>
<b>Income (loss) before taxes on income</b>		(1,334,900)	(1,409,103)
Taxes on income		<u>-</u>	<u>-</u>
<b>Net income (loss) for the period</b>		<u><b>(1,334,900)</b></u>	<u><b>(1,409,103)</b></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>						
<b>Balance at March 31, 2020</b>		<b><u>85</u></b>	<b><u>698,447</u></b>	<b><u>(77,012)</u></b>	<b><u>6,762,897</u></b>	<b><u>7,384,419</u></b>
Income for the period April 2020 –March 2021		<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,409,103)</u>	<u>(1,409,103)</u>
<b>Balance at March 31, 2021</b>		<b><u>85</u></b>	<b><u>698,447</u></b>	<b><u>(77,012)</u></b>	<b><u>5,535,794</u></b>	<b><u>5,972,316</u></b>
Loss for the period April 2021 –March 2022		<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,334,900)</u>	<u>(1,334,900)</u>
<b>Balance at March 31, 2022</b>		<b><u>85</u></b>	<b><u>698,447</u></b>	<b><u>(77,012)</u></b>	<b><u>4,018,894</u></b>	<b><u>4,640,416</u></b>

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

**Designit T.L.V. Ltd.**  
**Notes to the Financial Statements**  
**March 31, 2022**

**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.

As of October 2021, a company has changed the rate of reduction of computers to 33% and mobile phones to 50%.  
Instead of their complete depreciation, comparison numbers have not been corrected.

**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, 2022**

**Note 3 – Trade Receivables**

	<b>March 31</b>	<b>March 31</b>
	<b>2022</b>	<b>2021</b>
	<b>New Israeli Shekels</b>	
Trade receivables	3,549,285	1,099,671
Less – provision for doubtful debts	-	(25,000)
	<b>3,549,285</b>	<b>1,074,671</b>

**Note 4 – Other Receivables and Debit Balances**

	<b>March 31</b>	<b>March 31</b>
	<b>2022</b>	<b>2021</b>
	<b>New Israeli Shekels</b>	
Assessing officer	52,684	26,800
Sister companies	-	207,040
Vehicle deposit and gas suppliers	-	4,563
Advances to supplier	-	1,692
Income receivable	998,878	281,804
Prepaid expenses	62,652	253,985
	<b>1,114,214</b>	<b>775,884</b>

**Note 5 – Fixed Assets less Accumulated Depreciation**

	<b>Cost</b>		<b>Accumulated Depreciation</b>		<b>Depreciated Cost</b>	
	<b>March</b>	<b>March</b>	<b>March</b>	<b>March</b>	<b>March</b>	<b>March</b>
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>New Israeli Shekels</b>					
Computers	468,296	334,253	340,997	285,834	127,299	48,419
Leasehold improvements	2,061,505	2,058,555	1,884,043	1,669,955	177,463	388,600
Furniture and equipment	<u>212,334</u>	<u>209,464</u>	<u>207,161</u>	<u>190,929</u>	<u>5,173</u>	<u>18,535</u>
	<b>2,742,136</b>	<b>2,602,271</b>	<b>2,432,201</b>	<b>2,146,718</b>	<b>309,935</b>	<b>455,553</b>



Notes to the Financial Statements

March 31, 2022

Note 6 – Other Payables and Credit Balances

	<u>March 31</u>	<u>March 31</u>
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekels</u>	
Sister company	332,533	48,425
Provision for bonus	106,336	27,360
Salary-related agencies, Employees	978,355	853,151
Value Added Tax	227,280	34,306
Accrued expenses	61,267	99,624
Provision for recreation	37,824	51,011
Provision for vacation	132,768	138,834
Credit companies	<u>32,037</u>	<u>27,915</u>
	<u><b>1,908,399</b></u>	<u><b>1,280,626</b></u>

Note 7 – Share Capital

	<u>At March 31, 2022</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, 2022**

**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, 2022**

**Note 11- 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 12- 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 was repaid in full in March 2022

**Note 13 – Related Parties**

	<b>March 31</b>	<b>March 31</b>
	<b>2022</b>	<b>2021</b>
	<b>New Israeli Shekels</b>	
Designit A/S	(277,447)	14,800
Designit Denmark A\S – London Branch	(33,940)	192,240
Wipro Limited	(71,145)	(48,425)
	<b>(332,532)</b>	<b>158,615</b>

**A. Balance Sheet Balances**

**B. Revenues and Expenses**

	<b>March 31</b>	<b>March 31</b>
	<b>2022</b>	<b>2021</b>
	<b>New Israeli Shekels</b>	
<b><u>Revenues</u></b>		
Designit North America, Inc	-	1,015,456
Designit Denmark A\S – London Branch	189,963	472,095
Wipro Limited	83,190	-
Designit Spain Digital S.L.U	19,379	-
Designit AS	1,257,681	1,487,551
	<b>1,550,214</b>	<b>2,975,103</b>
<b><u>Expenses</u></b>		
Designit Germany GmbH	972	-
Designit Denmark A\S – London Branch	-	40,925
Designit A/S	1,415,207	926,953
Wipro Limited	29,288	-
	<b>1,445,467</b>	<b>967,878</b>

Designit T.L.V. Ltd.

List A – Cost of Work Performed  
March 31, 2022

	<u>March 31</u>	<u>March 31</u>
	<u>2022</u>	<u>2021</u>
	<u>New Israeli Shekels</u>	
Salaries -Designers	8,026,329	7,314,736
Foreign travel	15,510	-
Subcontractors	<u>860,550</u>	<u>742,829</u>
	<u><b>8,902,389</b></u>	<u><b>8,057,565</b></u>

**Designit T.L.V. Ltd.**  
**List B – Administrative and General Expenses**  
**March 31, 2022**

	<b><u>March</u></b>	<b><u>March</u></b>
	<b><u>31</u></b>	<b><u>31</u></b>
	<b><u>2022</u></b>	<b><u>2021</u></b>
	<b><u>New Israeli Shekels</u></b>	
Salaries and salary-related expenses, Administration	2,251,273	2,150,957
Commissions to banks and credit companies	80,521	15,166
Messengers and deliveries	6,382	9,706
Maintenance and cleaning	86,624	60,658
Communications	34,300	35,856
Insurance	40,210	42,131
Office expense	28,517	17,633
Professional services	311,629	114,034
Fees and impositions	1,182	1,143
Advertising	15,860	18,647
PC requirements	107,177	83,419
Office rent	121,920	138,085
Electricity	20,666	23,669
Vehicle maintenance (including depreciation)	18,697	25,969
Office Insurance	37,117	36,863
Professional literature and professional education	42,114	10,457
Municipal taxes	76,231	151,347
Legal fees	1,624	49,329
Entertainment	6,127	-
Fines	100	-
Donations	2,640	-
Uncollectable debts	4,500	-
Domestic travel	2,916	-
Foreign travel	5,532	-
Refreshments and gifts	187,821	122,375
Management fees to Holding Company	1,414,885	1,005,117
Depreciation of use right (see Note 10)	617,188	570,129
Depreciation (see also Note 2B(2))	285,483	460,657
Option's plan for employees (see Note 11)	<u>26,971</u>	<u>30,517</u>
	<b><u>5,836,204</u></b>	<b><u>5,173,863</u></b>