

BioLight Life Sciences Ltd.

**Condensed Consolidated
Financial Statements
As of June 30, 2021**

NON-BINDING TRANSLATION

The following condensed consolidated financial statements is a free translation of the Company's consolidated financial statements in Hebrew published on the TASE on August 29, 2021. In the event of inconsistency between this version and the Hebrew one, the Hebrew language version shall prevail.

Consolidated Statements of Financial Position

| | June 30, | | December 31, |
|--|-----------------------------|-----------------------------|-----------------------------|
| | 2021 | 2020 | 2020 |
| | <u>NIS thousands</u> | <u>NIS thousands</u> | <u>NIS thousands</u> |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 40,515 | 30,062 | 29,988 |
| Short-term deposits | 1,174 | 5,506 | 1,161 |
| Other accounts receivable | 415 | 340 | 350 |
| Investment in shares at fair value recognized in profit and loss | - | 18,126 | 19,961 |
| Total current assets | <u>42,104</u> | <u>54,034</u> | <u>51,460</u> |
| Non-current assets | | | |
| Long term receivables | 988 | 6 | - |
| Property and equipment, net | 2,232 | 311 | 2,236 |
| Right to use asset, net | 698 | 1,179 | 927 |
| Investment in shares at fair value recognized in profit and loss | 24,609 | 10,858 | 9,973 |
| Investment in company accounted for at equity method | - | 293 | 84 |
| Goodwill and intangible asset | 149 | 3,910 | 149 |
| Total non-current assets | <u>28,676</u> | <u>16,557</u> | <u>13,369</u> |
| Total assets | <u>70,780</u> | <u>70,591</u> | <u>64,829</u> |

Consolidated Statements of Financial Position (Cont.)

| | June 30, | | December 31, |
|---|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2020 |
| | <u>NIS thousands</u> | <u>NIS thousands</u> | <u>NIS thousands</u> |
| Current liabilities | | | |
| Trade payables | 359 | 299 | 580 |
| Other accounts payable | 1,200 | 3,034 | 1,522 |
| Current maturities of lease liability | 470 | 673 | 459 |
| Total current liabilities | <u>2,029</u> | <u>4,006</u> | <u>2,561</u> |
| Non-current liabilities | | | |
| Liability related to grants | 566 | 2,490 | 558 |
| Deferred tax liability | - | 1,199 | 1,133 |
| Other long-term liabilities | 239 | 514 | 470 |
| Total non-current liabilities | <u>805</u> | <u>4,203</u> | <u>2,161</u> |
| Equity attributable to shareholders of the Company | | | |
| Share capital, premium and reserves | 268,732 | 264,826 | 268,555 |
| Accumulated deficit | (201,321) | (200,415) | (209,338) |
| Total equity attributable to shareholders of the Company | <u>67,411</u> | <u>64,411</u> | <u>59,217</u> |
| Non-controlling interests | 535 | (2,029) | 890 |
| Total equity | <u>67,946</u> | <u>62,382</u> | <u>60,107</u> |
| Total equity and liabilities | <u>70,780</u> | <u>70,591</u> | <u>64,829</u> |

Consolidated Statements of Comprehensive Income (Loss)

| | Six months ended June 30, | | Year ended |
|---|----------------------------------|----------------------|----------------------|
| | 2021 | 2020(*) | December 31, |
| | NIS thousands | NIS thousands | 2020 |
| | | | NIS thousands |
| Revenues, net | 2 | 18 | 31 |
| Research and development, net | (2,436) | (2,050) | (3,993) |
| Selling and marketing | (200) | (39) | (250) |
| General and administrative, net | (2,876) | (3,158) | (6,411) |
| Change in investment in shares at fair value recognized in profit and loss | 11,242 | (**) 831 | (**) (1,427) |
| Other expenses, net | - | (705) | (705) |
| | <u>5,730</u> | <u>(5,121)</u> | <u>(12,786)</u> |
| Operating profit (loss) | 5,732 | (5,103) | (12,755) |
| Finance income (expenses), net | 382 | (**)1,085 | (**) (906) |
| Company's share of losses of company accounted for at equity | (84) | (166) | (375) |
| | <u>6,030</u> | <u>(4,184)</u> | <u>(14,036)</u> |
| Net profit (loss) before taxes | 6,030 | (4,184) | (14,036) |
| Tax income (expenses) | 1,572 | (354) | (135) |
| | <u>7,602</u> | <u>(4,538)</u> | <u>(14,171)</u> |
| Profit (loss) from continuing operations | 7,602 | (4,538) | (14,171) |
| Loss from discontinued operations | - | (1,361) | (915) |
| Net profit (loss) | 7,062 | (5,899) | (15,086) |
| Other comprehensive income (loss): | | | |
| Amounts that will be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | 51 | - | 85 |
| | <u>7,653</u> | <u>(5,899)</u> | <u>(15,001)</u> |
| Total comprehensive income (loss) | <u>7,653</u> | <u>(5,899)</u> | <u>(15,001)</u> |
| Total net income (loss) attributable to: | | | |
| Shareholders of the Company | 8,017 | (4,459) | (13,382) |
| Non-controlling interests | (415) | (1,440) | (1,704) |
| | <u>7,602</u> | <u>(5,899)</u> | <u>(15,086)</u> |
| Total comprehensive income (loss) attributable to: | | | |
| Shareholders of the Company | 8,068 | (4,459) | (13,297) |
| Non-controlling interests | (415) | (1,440) | (1,704) |
| | <u>7,653</u> | <u>(5,899)</u> | <u>(15,001)</u> |
| Net income (loss) per share attributable to shareholders of the Company (NIS): | | | |
| Basic income (loss) per share from continuing operations | 1.76 | (0.96) | (2.90) |
| Basic income (loss) per share from discontinuing operations | - | (0.02) | (0.05) |
| Basic total net income (loss) per share | <u>1.76</u> | <u>(0.98)</u> | <u>(2.95)</u> |
| Diluted income (loss) per share from continuing operations | 1.75 | (0.96) | (2.90) |
| Diluted income (loss) per share from discontinuing operations | - | (0.02) | (0.05) |
| Diluted total net income (loss) per share | <u>1.75</u> | <u>(0.98)</u> | <u>(2.95)</u> |
| Weighted number of shares used in the computation of basic income (loss) per share | <u>4,542,901</u> | <u>4,542,901</u> | <u>4,542,901</u> |
| Weighted number of shares used in the computation of diluted income (loss) per share | <u>4,592,901</u> | <u>4,542,901</u> | <u>4,542,901</u> |

(*) Reclassified due to discontinuing operations.

(**) Reclassified

Consolidated Statements of Changes in Equity

| | Attributable to shareholders of the Company | | | | | | | | |
|---|---|----------------|-----------------------------|---|---------------------|--------------------------------------|---------------|---------------------------|---------------|
| | Ordinary shares | Share premium | Share-based payment reserve | Transactions with non-controlling interests reserve | Accumulated deficit | Foreign currency translation reserve | Total | Non-controlling interests | Total equity |
| | NIS thousands | | | | | | | | |
| Balance as of January 1, 2021 | 11,359 | 248,340 | 1,931 | 10,574 | (209,338) | (3,649) | 59,217 | 890 | 60,107 |
| Total comprehensive income (loss) | - | - | - | - | 8,017 | 51 | 8,068 | (415) | 7,653 |
| Share-based payment in subsidiaries | - | - | - | - | - | - | - | 60 | 60 |
| Share-based payment in the Company | - | - | 126 | - | - | - | 126 | - | 126 |
| Share options expiration in the Company | - | 102 | (102) | - | - | - | - | - | - |
| Balance as of June 30, 2021 | 11,359 | 248,442 | 1,955 | 10,574 | (201,321) | (3,598) | 67,411 | 535 | 67,946 |

Consolidated Statements of Changes in Equity (Cont.)

| | Attributable to shareholders of the Company | | | | | | | | |
|---|---|----------------|-----------------------------|---|---------------------|--------------------------------------|---------------|---------------------------|---------------|
| | Ordinary shares | Share premium | Share-based payment reserve | Transactions with non-controlling interests reserve | Accumulated deficit | Foreign currency translation reserve | Total | Non-controlling interests | Total equity |
| | | | | | | | | | |
| NIS thousands | | | | | | | | | |
| Balance as of January 1, 2020 | 11,359 | 248,171 | 1,922 | 7,101 | (195,956) | (3,734) | 68,863 | (716) | 68,147 |
| Total comprehensive loss | - | - | - | - | (4,459) | - | (4,459) | (1,440) | (5,899) |
| Share-based payment in subsidiaries | - | - | - | - | - | - | - | 74 | 74 |
| Share-based payment in the Company | - | - | 24 | - | - | - | 24 | - | 24 |
| Share options expiration in the Company | - | 169 | (169) | - | - | - | - | - | - |
| Share warrants exercise in a subsidiary | - | - | - | 9 | - | - | 9 | 27 | 36 |
| Share warrants expiration in a subsidiary | - | - | - | (26) | - | - | (26) | 26 | - |
| Balance as of June 30, 2020 | 11,359 | 248,340 | 1,777 | 7,084 | (200,415) | (3,734) | 64,411 | (2,029) | 62,382 |

Consolidated Statements of Changes in Equity (Cont.)

| | Attributable to shareholders of the Company | | | | | | | | |
|---|---|----------------|-----------------------------|---|---------------------|--------------------------------------|---------------|---------------------------|---------------|
| | Ordinary shares | Share premium | Share-based payment reserve | Transactions with non-controlling interests reserve | Accumulated deficit | Foreign currency translation reserve | Total | Non-controlling interests | Total equity |
| | NIS thousands | | | | | | | | |
| Balance as of January 1, 2020 | 11,359 | 248,171 | 1,922 | 7,101 | (195,956) | (3,734) | 68,863 | (716) | 68,147 |
| Total comprehensive income (loss) | - | - | - | - | (13,382) | 85 | (13,297) | (1,704) | (15,001) |
| Share-based payment in subsidiaries | - | - | - | - | - | - | - | 20 | 20 |
| Share-based payment in the Company | - | - | 178 | - | - | - | 178 | - | 178 |
| Derecognition of non-controlling interests due to loss of control in subsidiary | - | - | - | - | - | - | - | 1,485 | 1,485 |
| Share warrants exercise in a subsidiary | - | - | - | 9 | - | - | 9 | 27 | 36 |
| Issuance of shares in a subsidiary | - | - | - | 3,490 | - | - | 3,490 | 1,752 | 5,242 |
| Share options expiration in the Company | - | 169 | (169) | - | - | - | - | - | - |
| Share warrants expiration in a subsidiary | - | - | - | (26) | - | - | (26) | 26 | - |
| Balance as of December 31, 2020 | 11,359 | 248,340 | 1,931 | 10,574 | (209,338) | (3,649) | 59,217 | 890 | 60,107 |

Consolidated Statements of Cash Flows

| | Six months ended June 30, | | Year ended |
|---|----------------------------------|-----------------------|------------------------|
| | 2021 | 2020 | December 31, |
| | NIS thousands | NIS thousands | 2020 |
| | | | NIS thousands |
| Cash flows from operating activities | | | |
| Net profit (loss) | 7,602 | (5,899) | (15,086) |
| Adjustments to reconcile loss to net cash used in operating activities: | | | |
| <u>Adjustments to the profit or loss items:</u> | | | |
| Finance expenses (income), net | (402) | (1,071) | 609 |
| Adjustment of liabilities related to grants | 8 | 278 | 161 |
| Depreciation and amortization | 266 | 272 | 558 |
| Share-based payment in the Company | 126 | 24 | 178 |
| Share-based payment in subsidiaries | 60 | 74 | 20 |
| Gain on loss of control in subsidiary | - | - | (65) |
| Loss from sale of Property and equipment | - | 19 | 45 |
| Gain (loss) from recognition of investment in shares at fair value recognized in profit or loss | - | - | (540) |
| Change in investment in shares at fair value recognized in profit and loss | (11,242) | (831) | 1,427 |
| Tax expenses | (439) | - | 10 |
| Share of loss of company accounted for at equity method | 84 | 166 | 432 |
| | <u>(11,539)</u> | <u>(1,069)</u> | <u>2,835</u> |
| <u>Changes in asset and liability items:</u> | | | |
| Decrease in trade receivables | - | 2 | 2 |
| Decrease (increase) in other accounts receivable | (65) | 420 | 651 |
| Increase (decrease) in trade payables | (221) | 78 | 385 |
| Increase (decrease) in other accounts payable | (271) | 121 | (595) |
| Change in deferred taxes | (1,133) | 191 | 125 |
| | <u>(1,690)</u> | <u>812</u> | <u>568</u> |
| <u>Cash received (paid) during the year for:</u> | | | |
| Interest paid on behalf of lease liability | (18) | (8) | (15) |
| Interest received | 26 | 198 | 303 |
| | <u>8</u> | <u>190</u> | <u>288</u> |
| Net cash used in operating activities | <u><u>(5,619)</u></u> | <u><u>(5,966)</u></u> | <u><u>(11,395)</u></u> |

Consolidated Statements of Cash Flows (Cont.)

| | Six months ended June 30, | | Year ended |
|--|----------------------------------|----------------------|----------------------|
| | 2021 | 2020 | December 31, |
| | NIS thousands | NIS thousands | 2020 |
| | | | NIS thousands |
| Cash flows from investing activities | | | |
| Investment in company accounted for at equity method | (3,481) | - | - |
| Proceeds from shares at fair value recognized in profit and loss | 20,048 | - | 182 |
| Proceeds from short-term deposits, net | - | - | 107 |
| Purchase of property and equipment, net | (33) | (83) | (2,099) |
| Write-off from sale of subsidiary, net (a) | - | - | (323) |
| Investment in long-term deposit | (922) | - | 4,135 |
| Taxes received (paid) | 439 | - | (10) |
| Proceeds from (investment in) long-term lease deposits | (64) | 13 | 19 |
| Net cash provided by (used in) investing activities | 15,987 | (70) | 2,011 |
| Cash flows from financing activities | | | |
| Exercise of warrants in a subsidiary | - | 36 | 36 |
| Proceeds from issuance of shares and warrants in a subsidiary, net | - | - | 5,242 |
| Repayment of lease liability principal | (220) | (247) | (505) |
| Net cash provided by (used in) financing activities | (220) | (211) | 4,773 |
| Exchange differences on balances of cash and cash equivalents | 379 | 963 | (747) |
| Increase (decrease) in cash and cash equivalents | 10,527 | (5,284) | (5,358) |
| Cash and cash equivalents at the beginning of the year | 29,998 | 35,346 | 35,346 |
| Cash and cash equivalents at the end of the year | 40,515 | 30,062 | 29,988 |

Consolidated Statements of Cash Flows (Cont.)

| | Six months ended June 30, | | Year ended |
|---|----------------------------------|----------------------|----------------------|
| | 2021 | 2020 | December 31, |
| | NIS thousands | NIS thousands | 2020 |
| | | | NIS thousands |
| A. Write-off from sale of subsidiary, net: | | | |
| Working capital (excluding cash and cash equivalents) | - | - | (908) |
| Investment in company accounted for at equity method | - | - | (2,907) |
| Property and equipment | - | - | 31 |
| Goodwill | - | - | 3,761 |
| Liability related to grants | - | - | (1,850) |
| Non-controlling interests | - | - | 1,485 |
| Gain on loss of control in subsidiary | - | - | 65 |
| | - | - | (323) |