

BioLight Life Sciences Ltd.

**Consolidated Financial
Statements
As of December 31, 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 March 23, 2022. In the event of inconsistency between this version and the Hebrew one, the Hebrew language version shall prevail.

Consolidated Statements of Financial Position

	December 31,	
	2021	2020
	<u>NIS thousands</u>	<u>NIS thousands</u>
Assets		
Current assets		
Cash and cash equivalents	33,467	29,988
Short-term deposits	245	1,161
Other accounts receivable	292	350
Investment in shares at fair value recognized in profit and loss	-	19,961
Total current assets	<u>34,004</u>	<u>51,460</u>
Non-current assets		
Long term receivables	946	-
Property and equipment, net	2,788	2,236
Right to use asset, net	469	927
Investment in shares at fair value recognized in profit and loss	24,565	9,973
Investment in financial instruments at fair value recognized in profit and loss	331	-
Investment in company accounted for at equity method	919	84
Goodwill	149	149
Total non-current assets	<u>30,167</u>	<u>13,369</u>
Total assets	<u>64,171</u>	<u>64,829</u>

Consolidated Statements of Financial Position

	December 31,	
	2021	2020
	NIS thousands	NIS thousands
Current liabilities		
Trade payables	146	580
Other accounts payable	1,622	1,522
Current maturities of lease liability	443	459
Total current liabilities	2,211	2,561
Non-current liabilities		
Liability related to grants	543	558
Deferred tax liability	-	1,133
Other long-term liabilities	-	470
Total non-current liabilities	543	2,161
Equity attributable to shareholders of the Company		
Share capital, premium and reserves	269,658	268,555
Accumulated deficit	(208,956)	(209,338)
Total equity attributable to shareholders of the Company	60,702	59,217
Non-controlling interests	715	890
Total equity	61,417	60,107
Total equity and liabilities	64,171	64,829

Consolidated Statements of Comprehensive Loss

	Year ended December 31,		
	2021	2020	2019
	NIS thousands	NIS thousands	NIS thousands
	(Except per share data)		
Revenues, net	3	31	-
Research and development	(4,335)	(3,993)	(5,057)
Selling and marketing	(646)	(250)	(922)
General and administrative, net	(5,625)	(6,411)	(5,420)
Gain (loss) in investment in shares at fair value recognized in profit and loss	10,071	(*) (1,427)	(*) 171
Other (expenses) income, net	-	(705)	875
	<u>(535)</u>	<u>(12,786)</u>	<u>(10,353)</u>
Operating (loss) income	<u>(532)</u>	<u>(12,755)</u>	<u>(10,353)</u>
Finance expenses, net	(1,095)	(*) (906)	(*) (2,616)
Company's share of losses of company accounted for at equity	(284)	(375)	(1,417)
Net loss before taxes	(1,911)	(14,036)	(14,386)
Tax (expenses) income	1,572	(135)	746
Loss from continuing operations	(339)	(14,171)	(13,640)
Loss from discontinued operations	-	(915)	(936)
Net (loss) profit	(339)	(15,086)	(14,576)
Other comprehensive (loss) income:			
Amounts that will be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(84)	85	17
Total comprehensive loss	<u>(423)</u>	<u>(15,001)</u>	<u>(14,559)</u>
Total net (loss) income attributable to:			
Shareholders of the Company	382	(13,382)	(12,591)
Non-controlling interests	(721)	(1,704)	(1,985)
	<u>(339)</u>	<u>(15,086)</u>	<u>(14,576)</u>
Total comprehensive (loss) income attributable to:			
Shareholders of the Company	298	(13,297)	(12,574)
Non-controlling interests	(721)	(1,704)	(1,985)
	<u>(423)</u>	<u>(15,001)</u>	<u>(14,559)</u>
Net (loss) income per share attributable to shareholders of the Company (NIS):			
Basic (loss) income per share from continuing operations	0.08	(2.90)	(2.92)
Basic (loss) income per share from discontinuing operations	-	(0.05)	0.15
Basic total net (loss) income per share	0.08	(2.95)	(2.77)
Weighted number of shares used in the computation of (loss) income per share	<u>4,550,136</u>	<u>4,542,901</u>	<u>4,542,901</u>
Diluted (loss) income per share from continuing operations	0.08	(2.90)	(2.92)
Diluted (loss) income per share from discontinuing operations	-	(0.05)	0.15
Diluted total net (loss) income per share	0.08	(2.95)	(2.77)
Weighted number of shares used in the computation of (loss) income per share	<u>4,585,666</u>	<u>4,542,901</u>	<u>4,542,901</u>

(*) 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, 2019	11,359	248,171	1,912	8,005	(183,365)	(3,751)	82,331	(4,535)	77,796
Net loss	-	-	-	-	(12,591)	-	(12,591)	(1,985)	(14,576)
Total other comprehensive profit	-	-	-	-	-	17	17	-	17
Total comprehensive (loss) profit	-	-	-	-	(12,591)	17	(12,574)	(1,985)	(14,559)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	330	330
Share-based payment in the Company	-	-	10	-	-	-	10	-	10
Share warrants exercise	-	-	-	(73)	-	-	(73)	683	610
Issuance and purchase of shares and warrants in a subsidiary	-	-	-	(752)	-	-	(752)	4,712	3,960
Share warrants expiration	-	-	-	(79)	-	-	(79)	79	-
Balance as of December 31, 2019	<u>11,359</u>	<u>248,171</u>	<u>1,922</u>	<u>7,101</u>	<u>(195,956)</u>	<u>(3,734)</u>	<u>(68,863)</u>	<u>(716)</u>	<u>68,147</u>

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, 2020	11,359	248,171	1,922	7,101	(195,956)	(3,734)	68,863	(716)	68,147
Net loss	-	-	-	-	(13,382)	-	(13,382)	(1,704)	(15,086)
Total other comprehensive profit	-	-	-	-	-	85	85	-	85
Total comprehensive (loss) profit	-	-	-	-	(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 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
Net (loss) profit	-	-	-	-	382	-	382	(721)	(339)
Total other comprehensive loss	-	-	-	-	-	(84)	(84)	-	(84)
Total comprehensive (loss) profit	-	-	-	-	382	(84)	298	(721)	(423)
Share-based payment in subsidiaries	-	-	-	-	-	-	-	139	139
Share-based payment in the Company	-	-	193	-	-	-	193	-	193
Restricted share units exercise in the Company	42	96	(138)	-	-	-	-	-	-
Issuance of shares in a subsidiary	-	-	-	994	-	-	994	407	1,401
Share options expiration in the Company	-	102	(102)	-	-	-	-	-	-
Balance as of December 31, 2021	<u>11,401</u>	<u>248,538</u>	<u>1,884</u>	<u>11,568</u>	<u>(208,956)</u>	<u>(3,733)</u>	<u>60,702</u>	<u>715</u>	<u>61,417</u>

Consolidated Statements of Cash Flows

	Year ended December 31,		
	2021	2020	2019
	NIS thousands	NIS thousands	NIS thousands
Cash flows from operating activities			
Net loss	(339)	(15,086)	(14,576)
Adjustments to reconcile loss to net cash used in operating activities:			
<u>Adjustments to the profit or loss items:</u>			
Finance expenses, net	884	609	2,773
Adjustment of liabilities related to grants	(15)	161	(2,770)
Depreciation and amortization	532	558	543
Share-based payment in the Company	193	178	10
Share-based payment in subsidiaries	139	20	330
Gain on loss of control in subsidiary	-	(65)	-
Loss from Property and equipment	-	45	-
Gain from sale of asset held for sale	-	-	(1,788)
Gain (loss) from recognition of investment in shares at fair value recognized in profit or loss	-	(540)	907
Change in investment in shares at fair value recognized in profit and loss	(10,071)	1,427	(171)
Change in investment in financial instruments at fair value recognized in profit and loss	228	-	-
Tax expenses	(439)	10	534
Share of loss of company accounted for at equity method	284	432	1,417
	(8,625)	2,835	1,785
<u>Changes in asset and liability items:</u>			
Decrease in trade receivables	-	2	54
Decrease in other accounts receivable	58	651	60
Increase (decrease) in trade payable	(434)	385	(1,165)
Increase (decrease) in other accounts payable	59	(595)	(868)
Change in deferred taxes	(1,133)	125	(1,280)
	(1,450)	568	(3,199)
<u>Cash received during the year for:</u>			
Interest paid on behalf of lease liability	(22)	(15)	(33)
Interest received	50	303	666
	28	288	633
Net cash used in operating activities	(10,026)	(11,395)	(15,357)

Consolidated Statements of Cash Flows

	Year ended December 31,		
	2021	2020	2019
	NIS thousands	NIS thousands	NIS thousands
Cash flows from investing activities			
Investment in companies accounted for at equity method	(1,162)	-	(933)
Investment in financial instruments at fair value recognized in profit and loss	(559)	-	-
Proceeds from sale of shares at fair value recognized in profit and loss	20,048	182	-
Investment in shares at fair value recognized in profit and loss	(4,608)	-	(10,858)
Proceeds from short-term deposits, net	-	107	-
Purchase of property and equipment	(626)	(2,099)	(29)
Cash write-off of sale of subsidiary, net (a)	-	(323)	-
Proceeds from sale of asset held for sale, net	-	-	19,980
Investment in long-term deposit	13	4,135	(1,011)
Taxes (paid) received	439	(10)	(534)
Proceeds from long-term lease deposits	(64)	19	14
Net cash provided by investing activities	13,481	2,011	6,629
Cash flows from financing activities			
Exercise of warrants in a subsidiary	-	36	610
Proceeds from issuance of shares and warrants in a subsidiary, net	1,401	5,242	3,960
Repayment of lease liability principal	(486)	(505)	(474)
Net cash provided by financing activities	915	4,773	4,096
Exchange differences on balances of cash and cash equivalents	(891)	(747)	(3,080)
Increase (decrease) in cash and cash equivalents	3,479	(5,358)	(7,712)
Cash and cash equivalents at the beginning of the year	29,988	35,346	43,058
Cash and cash equivalents at the end of the year	33,467	29,988	35,346

Consolidated Statements of Cash Flows

	Year ended December 31,		
	2021	2020	2019
	NIS thousands	NIS thousands	NIS thousands
A. Cash 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	-
Leasing deposits	-	-	-
Long term deposit	-	-	-
Asset held for sale	-	-	-
Goodwill and intangible asset, net	-	3,761	-
Liability related to grants	-	(1,850)	-
Non-controlling interests	-	1,485	-
Gain on loss of control in subsidiary	-	65	-
	-	(323)	-