

BioLight Life Sciences Ltd.

**Consolidated Financial
Statements
As of December 31, 2022**

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 30, 2023. 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, | |
|---|----------------------|----------------------|
| | 2022 | 2021 |
| | NIS thousands | NIS thousands |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 13,392 | 33,467 |
| Short-term deposits | 1,246 | 245 |
| Other accounts receivable | 399 | 292 |
| Investment in tradable shares at fair value recognized in profit and loss | 2,987 | - |
| Total current assets | <u>18,024</u> | <u>34,004</u> |
| Non-current assets | | |
| Long term receivables | 90 | 946 |
| Property and equipment, net | 2,810 | 2,788 |
| Right to use asset, net | 526 | 469 |
| Investment in companies at fair value recognized in profit and loss | 31,834 | 24,565 |
| Investment in financial instruments at fair value recognized in profit and loss | 885 | 331 |
| Investment in company accounted for at equity method | 2,156 | 919 |
| Goodwill and intangible asset | 686 | 149 |
| Total non-current assets | <u>38,987</u> | <u>30,167</u> |
| Total assets | <u><u>57,011</u></u> | <u><u>64,171</u></u> |

Consolidated Statements of Financial Position

| | December 31, | |
|---|----------------------|----------------------|
| | 2022 | 2021 |
| | NIS thousands | NIS thousands |
| Current liabilities | | |
| Trade payables | 301 | 146 |
| Other accounts payable | 1,708 | 1,622 |
| Current maturities of lease liability | 527 | 443 |
| Total current liabilities | 2,536 | 2,211 |
| Non-current liabilities | | |
| Liability related to grants | 783 | 543 |
| Total non-current liabilities | 783 | 543 |
| Equity attributable to shareholders of the Company | | |
| Share capital, premium and reserves | 269,971 | 269,658 |
| Accumulated deficit | (216,803) | (208,956) |
| Total equity attributable to shareholders of the Company | 53,168 | 60,702 |
| Non-controlling interests | 524 | 715 |
| Total equity | 53,692 | 61,417 |
| Total equity and liabilities | 57,011 | 64,171 |

Consolidated Statements of Comprehensive Loss

| | Year ended December 31, | | |
|---|-------------------------|------------------|------------------|
| | 2022 | 2021 | 2020 |
| | NIS thousands | NIS thousands | NIS thousands |
| | (Except per share data) | | |
| Revenues, net | 63 | 3 | 31 |
| Research and development | (3,530) | (4,335) | (3,993) |
| Marketing | (712) | (646) | (250) |
| General and administrative, net | (6,143) | (5,625) | (6,411) |
| Gain (loss) in investment in shares at fair value recognized in profit and loss | 1,625 | 10,071 | (1,427) |
| Other expenses, net | - | - | (705) |
| | <u>(8,760)</u> | <u>(535)</u> | <u>(12,786)</u> |
| Operating loss | <u>(8,697)</u> | <u>(532)</u> | <u>(12,755)</u> |
| Finance income (expenses), net | 639 | (1,095) | (906) |
| Company's share of losses of company accounted for at equity | (629) | (284) | (375) |
| | <u>(8,687)</u> | <u>(1,911)</u> | <u>(14,036)</u> |
| Net loss before taxes | (8,687) | (1,911) | (14,036) |
| Tax (expenses) income | - | 1,572 | (135) |
| | <u>(8,687)</u> | <u>(339)</u> | <u>(14,171)</u> |
| Loss from continuing operations | (8,687) | (339) | (14,171) |
| Loss from discontinued operations | - | - | (915) |
| | <u>(8,687)</u> | <u>(339)</u> | <u>(15,086)</u> |
| Net loss | <u>(8,687)</u> | <u>(339)</u> | <u>(15,086)</u> |
| Other comprehensive (loss) income: | | | |
| Amounts that will be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of foreign operations | 230 | (84) | 85 |
| | <u>(8,457)</u> | <u>(423)</u> | <u>(15,001)</u> |
| Total comprehensive loss | <u>(8,457)</u> | <u>(423)</u> | <u>(15,001)</u> |
| Total net (loss) income attributable to: | | | |
| Shareholders of the Company | (7,847) | 382 | (13,382) |
| Non-controlling interests | (840) | (721) | (1,704) |
| | <u>(8,687)</u> | <u>(339)</u> | <u>(15,086)</u> |
| Total comprehensive (loss) income attributable to: | | | |
| Shareholders of the Company | (7,617) | 298 | (13,297) |
| Non-controlling interests | (840) | (721) | (1,704) |
| | <u>(8,457)</u> | <u>(423)</u> | <u>(15,001)</u> |
| Net (loss) income per share attributable to shareholders of the Company (NIS): | | | |
| Basic (loss) income per share from continuing operations | (1.72) | 0.08 | (2.90) |
| Basic (loss) income per share from discontinuing operations | - | - | (0.05) |
| Basic total net (loss) income per share | <u>(1.72)</u> | <u>0.08</u> | <u>(2.95)</u> |
| Weighted number of shares used in the computation of (loss) income per share | <u>4,566,803</u> | <u>4,550,136</u> | <u>4,542,901</u> |
| Diluted (loss) income per share from continuing operations | (1.71) | 0.08 | (2.90) |
| Diluted (loss) income per share from discontinuing operations | - | - | (0.05) |
| Diluted total net (loss) income per share | <u>(1.71)</u> | <u>0.08</u> | <u>(2.95)</u> |
| Weighted number of shares used in the computation of (loss) income per share | <u>4,585,666</u> | <u>4,585,666</u> | <u>4,542,901</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 (continue)

| | Attributable to shareholders of the Company | | | | | | | Non-controlling interests | Total equity |
|--|---|----------------|-----------------------------|---|---------------------|--------------------------------------|---------------|---------------------------|---------------|
| | Ordinary shares | Share premium | Share-based payment reserve | Transactions with non-controlling interests reserve | Accumulated deficit | Foreign currency translation reserve | Total | | |
| | 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 Changes in Equity (continue)

| | 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, 2022 | 11,401 | 248,538 | 1,884 | 11,568 | (208,956) | (3,733) | 60,702 | 715 | 61,417 |
| Net loss | - | - | - | - | (7,847) | - | (7,847) | (840) | (8,687) |
| Total other comprehensive profit | - | - | - | - | - | 230 | 230 | - | 230 |
| Total comprehensive (loss) profit | - | - | - | - | (7,847) | 230 | (7,617) | (840) | (8,457) |
| Share-based payment in subsidiaries | - | - | - | - | - | - | - | 232 | 232 |
| Share-based payment in the Company | - | - | 83 | - | - | - | 83 | - | 83 |
| Restricted share units exercise in the Company | 42 | 97 | (139) | - | - | - | - | - | - |
| First consolidation of a subsidiary | - | - | - | - | - | - | - | 417 | 417 |
| Balance as of December 31, 2022 | <u>11,443</u> | <u>248,635</u> | <u>1,828</u> | <u>11,568</u> | <u>(216,803)</u> | <u>(3,503)</u> | <u>53,168</u> | <u>524</u> | <u>53,692</u> |

Consolidated Statements of Cash Flows

| | Year ended December 31, | | |
|---|-------------------------|------------------------|------------------------|
| | 2022 | 2021 | 2020 |
| | <u>NIS thousands</u> | <u>NIS thousands</u> | <u>NIS thousands</u> |
| Cash flows from operating activities | | | |
| Net loss | (8,687) | (339) | (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 | (690) | 884 | 609 |
| Adjustment of liabilities related to grants | 240 | (15) | 161 |
| Depreciation and amortization | 588 | 532 | 558 |
| Share-based payment in the Company | 83 | 193 | 178 |
| Share-based payment in subsidiaries | 232 | 139 | 20 |
| Gain on loss of control in subsidiary | - | - | (65) |
| Loss from Property and equipment | - | - | 45 |
| Change in investment in tradable shares at fair value recognized in profit and loss | 231 | - | - |
| Loss from recognition of investment in shares at fair value recognized in profit or loss | - | - | (540) |
| Change in investment in companies at fair value recognized in profit and loss | (1,625) | (10,071) | 1,427 |
| Change in investment in financial instruments at fair value recognized in profit and loss | (554) | 228 | - |
| Tax expenses (income) | - | (439) | 10 |
| Share of loss of company accounted for at equity method | 629 | 284 | 432 |
| | <u>(866)</u> | <u>(8,265)</u> | <u>2,835</u> |
| <u>Changes in asset and liability items:</u> | | | |
| Decrease in trade receivables | - | - | 2 |
| Decrease (increase) in other accounts receivable | (317) | 58 | 651 |
| Increase (decrease) in trade payable | 133 | (434) | 385 |
| Increase (decrease) in other accounts payable | 126 | 59 | (595) |
| Change in deferred taxes | - | (1,133) | 125 |
| | <u>(58)</u> | <u>(1,450)</u> | <u>568</u> |
| <u>Cash received during the year for:</u> | | | |
| Interest paid on behalf of lease liability | (66) | (22) | (15) |
| Interest received | 137 | 50 | 303 |
| | <u>71</u> | <u>28</u> | <u>288</u> |
| Net cash used in operating activities | <u><u>(9,540)</u></u> | <u><u>(10,026)</u></u> | <u><u>(11,395)</u></u> |

Consolidated Statements of Cash Flows (continue)

| | Year ended December 31, | | |
|---|-------------------------|---------------|---------------|
| | 2022 | 2021 | 2020 |
| | NIS thousands | NIS thousands | NIS thousands |
| Cash flows from investing activities | | | |
| Investment in companies accounted for at equity method | (1,683) | (1,162) | - |
| 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 | (5,644) | (4,608) | - |
| Proceeds from short-term deposits, net | - | - | 107 |
| Purchase of property and equipment | (98) | (626) | (2,099) |
| Cash write-off of sale of subsidiary, net (a) | - | - | (323) |
| First consolidation of a subsidiary (a) | 119 | - | - |
| Purchasing tradable shares at fair value recognized in profit and loss | (3,218) | - | - |
| Investment in long-term deposit | - | 13 | 4,135 |
| Taxes (paid) received | - | 439 | (10) |
| Proceeds from long-term lease deposits | (26) | (64) | 19 |
| Net cash provided by (used in) investing activities | (10,550) | 13,481 | 2,011 |
| Cash flows from financing activities | | | |
| Exercise of warrants in a subsidiary | - | - | 36 |
| Proceeds from issuance of shares and warrants in a subsidiary, net | - | 1,401 | 5,242 |
| Repayment of lease liability principal | (485) | (486) | (505) |
| Net cash provided by (used in) financing activities | (485) | 915 | 4,773 |
| Exchange differences on balances of cash and cash equivalents | 500 | (891) | (747) |
| Increase (decrease) in cash and cash equivalents | (20,075) | 3,479 | (5,358) |
| Cash and cash equivalents at the beginning of the year | 33,467 | 29,988 | 35,346 |
| Cash and cash equivalents at the end of the year | 13,392 | 33,467 | 29,988 |

Consolidated Statements of Cash Flows

| | Year ended December 31, | | |
|---|--|---------------|-------------------------------|
| | 2022 | 2021 | 2020 |
| | NIS thousands | NIS thousands | NIS thousands |
| | First consolidation of a subsidiary | | Sale of subsidiary |
| A. Cash added (write-off): | | | |
| Working capital (excluding cash and cash equivalents) | 239 | - | (908) |
| Investment in company accounted for at equity method | - | - | (2,907) |
| Property and equipment | - | - | 31 |
| Intangible asset | (537) | - | - |
| Goodwill | - | - | 3,761 |
| Liability related to grants | - | - | (1,850) |
| Non-controlling interests | 417 | - | 1,485 |
| Gain on loss of control in subsidiary | - | - | 65 |
| | <u>119</u> | <u>-</u> | <u>(323)</u> |