

EXALENZ BIOSCIENCE LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31,	
		2018	2017
USD in thousands			
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	5	3,576	1,631
Trade receivables, net	6	2,664	2,331
Other accounts receivable	7	855	* 995
Inventories	8	6,082	2,962
		<u>13,177</u>	<u>7,919</u>
NON-CURRENT ASSETS:			
Long-term deposits and other receivables		66	* 121
Restricted cash		112	82
Property and equipment, net	9	504	246
Intangible assets, net	10	-	693
		<u>682</u>	<u>1,142</u>
		<u>13,859</u>	<u>9,061</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Line of Credit and Loan from bank	14b	2,537	-
Trade payables	11	2,742	2,392
Other accounts payable	12	1,758	1,812
Liabilities in respect of government grants	13	672	762
		<u>7,709</u>	<u>4,966</u>
NON-CURRENT LIABILITIES:			
Line of Credit	14a	3,966	1,975
Liabilities in respect of government grants	13	5,435	5,766
		<u>9,401</u>	<u>7,741</u>
SHAREHOLDER'S EQUITY:			
Share capital	19	7,035	6,652
Share premium	19	69,616	65,707
Reserve from share-based payment transactions	20	2,208	1,264
Reserve from transaction with controlling shareholder		2,224	1,567
Foreign currency translation reserve		1,729	1,729
Accumulated deficit		(86,063)	(80,565)
		<u>(3,251)</u>	<u>(3,646)</u>
		<u>13,859</u>	<u>9,061</u>

* Reclassified.

The accompanying notes are an integral part of the consolidated financial statements.

February 28, 2019
Date of approval of the
financial statements

Dr. Uri Geiger
Chairman of the Board

Raphael Werner
CEO

Roy Golan
CFO & President

EXALENZ BIOSCIENCE LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended December 31,		
		2018	2017	2016 *
USD in thousands				
Revenues from sales	22a,b	13,144	9,534	4,186
Cost of revenues	22c	7,398	5,958	2,598
Amortization of intangible asset	10	693	693	693
Total cost of revenues		8,091	6,651	3,291
Gross profit		5,053	2,883	895
Operation expenses				
Research and development expenses, net	22d	3,770	3,888	3,670
Selling and marketing expenses, net	22e	3,158	2,417	2,154
General and administrative expenses	22f	2,320	1,700	1,469
Other expenses	22h	1,141	-	-
Prior year's fee refund by the FDA	18d	(76)	(88)	(176)
Operating loss		5,260	5,034	6,222
Financial income	22g	212	38	15
Financial expenses	22g	537	467	125
Financial expenses, net		325	429	110
Loss before taxes on income		5,585	5,463	6,332
Taxes on income (tax benefit)	17	(87)	(25)	12
Net loss		5,498	5,438	6,344
Other comprehensive income (loss):				
Amounts that will not be reclassified subsequently to profit or loss:				
Adjustments arising from translating financial statements from functional currency to presentation currency		-	-	34
Total comprehensive loss		5,498	5,438	6,310
Basic and diluted loss per share	21	(0.21)	(0.21)	(0.31)

The accompanying notes are an integral part of the consolidated financial statements.

* Were translated to US dollars (the new functional and reporting currency since January 1, 2017).

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve from share-based payment transactions	Reserve from transaction with controlling shareholder	Foreign currency translation reserve	Accumulated deficit	Total
	USD in thousands						
<u>Balance at January 1, 2016*</u>	4,261	61,858	663	1,284	1,695	(68,783)	978
Total comprehensive loss	-	-	-	-	34	(6,344)	(6,310)
Issue of share capital , net	2,377	3,715	-	-	-	-	6,092
Cost of share-based payment	-	-	199	-	-	-	199
Expiration of options	-	59	(59)	-	-	-	-
<u>Balance at December 31, 2016*</u>	6,638	65,632	803	1,284	1,729	(75,127)	959
Total comprehensive loss	-	-	-	-	-	(5,438)	(5,438)
Exercise of options	14	68	(26)	-	-	-	56
Transaction with controlling shareholder **	-	-	-	283	-	-	283
Cost of share-based payment	-	-	494	-	-	-	494
Expiration of options	-	7	(7)	-	-	-	-
<u>Balance at December 31, 2017</u>	6,652	65,707	1,264	1,567	1,729	(80,565)	(3,646)
Total comprehensive loss	-	-	-	-	-	(5,498)	(5,498)
Issue of share capital , net	372	3,843	-	-	-	-	4,215
Exercise of options	11	66	(20)	-	-	-	57
Transaction with controlling shareholder **	-	-	-	657	-	-	657
Cost of share-based payment	-	-	964	-	-	-	964
<u>Balance at December 31, 2018</u>	7,035	69,616	2,208	2,224	1,729	(86,063)	(3,251)

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** Net of tax influence.

The accompanying notes are an integral part of the consolidated financial statements.

EXALENZ BIOSCIENCE LTD. AND ITS SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2018	2017	2016 *
	USD in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(5,498)	(5,438)	(6,344)
Adjustments to reconcile net loss to net cash used in operating activities:			
Adjustments to the profit or loss items:			
Gain from sale of property and equipment	-	-	(1)
Depreciation and amortization	900	888	926
Cost of share-based payment	964	494	199
Finance expenses, net	325	429	110
	<u>2,189</u>	<u>1,811</u>	<u>1,234</u>
Changes in asset and liability items:			
Increase in trade receivables	(387)	(1,614)	(120)
Decrease (increase) in other accounts receivable	322	** (141)	283
Increase in inventories	(3,532)	(1,355)	(618)
Increase in trade payables	500	1,330	204
Increase (decrease) in other accounts payable	(112)	165	81
	<u>(3,209)</u>	<u>(1,615)</u>	<u>(170)</u>
Cash received (paid) during the year for:			
Tax paid	(83)	(5)	-
Interest paid	(252)	(34)	(77)
Interest received	1	4	9
	<u>(334)</u>	<u>(35)</u>	<u>(68)</u>
Net cash used in operating activities	<u>(6,852)</u>	<u>(5,277)</u>	<u>(5,348)</u>

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** Reclassified.

The accompanying notes are an integral part of the consolidated financial statements.

EXALENZ BIOSCIENCE LTD. AND ITS SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2018	2017	2016 *
	USD in thousands		
<u>Cash flows from investing activities:</u>			
Proceeds from sale of property and equipment	-	-	1
Purchase of property, plant and equipment	(178)	(30)	(39)
Withdrawal of (investment in) Long-term deposits	(2)	(7)	3
Withdrawal of (investment in) bank deposits	(35)	2,794	(639)
Net cash provided by (used in) investing activities	(215)	2,757	(674)
<u>Cash flows from financing activities:</u>			
Repayment of long-term bank loan	-	(311)	(664)
Receipt of loan and credit lines from banks	5,761	2,264	-
Repayment of loan and credit lines from banks	(463)	-	-
Exercise of options	57	56	-
Issuance of share capital, net	4,215	-	6,092
Prepaid issuance expenses	-	** (59)	-
Receipt of government grants	-	*** -	6
Repayment of liability in respect of government grants	(450)	(239)	(129)
Net cash provided by financing activities	9,120	1,711	5,305
Exchange differences on balances of cash and cash equivalents	(108)	56	26
Increase (decrease) in cash and cash equivalents	1,945	(753)	(691)
Cash and cash equivalents at the beginning of the year	1,631	2,384	3,075
Cash and cash equivalents at the end of the year	3,576	1,631	2,384
<u>Significant non-cash transactions:</u>			
Reclassification inventory to property and equipment	287	144	54

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** Reclassified.

*** Represents an amount lower than USD 1.

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