

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

**Financial Statements**

**As at March 31, 2020**

Designit T.L.V. Ltd.  
Financial Statements  
March 31, 2020

Contents

	<u>Page</u>
Auditor's Report	2
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Shareholders' Equity	5
Notes to the Financial Statements	6 – 10
Cost of Work Performed (List A)	11
Administrative and General Expenses (List B)	12

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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 March 31, 2019 and 2018, 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 March 31, 2019 and 2018, 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.

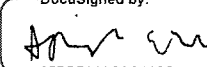
I draw attention to the contents of Note 2 (B) (2) of the financial statements regarding new policy of depreciation profile and no correction of comparison numbers.

  
Nativ Ben-Zeev  
Certified Public Accountant (Isr.)

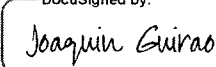
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**Designit T.L.V. Ltd.**  
**Balance Sheets**

		As at	
		March 31 2020	March 31 2019
		New Israeli Shekels	
ASSETS	Note		
<b><u>Current Assets</u></b>			
Cash		1,395,843	3,120,410
Deposits		450,095	450,094
Trade receivables	3	4,207,453	3,544,040
Other receivables and debit balances	4	<u>2,538,681</u>	<u>1,431,646</u>
		8,592,072	8,546,190
<b><u>Non – Current Assets</u></b>			
Fixed assets less accumulated depreciation	2, 5	697,668	1,012,964
Use right assets (IFRS 16)	10	733,149	-
Establishment expenses		<u>2,880</u>	<u>2,880</u>
		1,433,697	1,015,844
		<u>10,025,770</u>	<u>9,562,040</u>
<b>LIABILITIES AND EQUITY</b>			
<b><u>Current Liabilities</u></b>			
Trade payables		301,142	489,912
Other payables and credit balances	6	<u>1,568,596</u>	<u>1,850,812</u>
		1,869,739	2,340,724
<b><u>Non – Currents Liabilities</u></b>			
Liability for lease (IFRS 16)	10	<u>771,611</u>	-
<b><u>Shareholders' Equity</u></b>	7-9	<u>7,384,418</u>	<u>7,221,315</u>
		<u>10,025,770</u>	<u>9,562,040</u>

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Joaquin Guirao

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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>2020</u>	<u>2019</u>
<u>Note</u>		
Revenues	15,520,903	18,880,309
Cost of work performed (List A)	<u>(8,804,904)</u>	<u>(11,035,730)</u>
<b>Gross profit</b>	6,715,999	7,844,579
Administrative and general expenses (List B)	<u>(6,310,424)</u>	<u>(6,573,508)</u>
<b>Income before financing expenses</b>	405,575	1,271,071
Financing income/(expenses)	<u>(67,966)</u>	<u>146,927</u>
<b>Income before taxes on income</b>	337,609	1,417,998
Taxes on income	<u>(123,119)</u>	<u>(335,485)</u>
<b>Net income for the period</b>	<u>214,489</u>	<u>1,082,513</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, 2018</b>		<b><u>85</u></b>	<b><u>698,447</u></b>	<b><u>(77,012)</u></b>	<b><u>5,517,281</u></b>	<b><u>6,138,803</u></b>
Income for the period April 2018 –March 2019		—	—	—	1,082,513	1,082,513
<b>Balance at March 31, 2019</b>		<b><u>85</u></b>	<b><u>698,447</u></b>	<b><u>(77,012)</u></b>	<b><u>6,599,794</u></b>	<b><u>7,221,315</u></b>
First effect of the implementation Of IFRS 16		—	—	—	(51,387)	(51,387)
Income for the period April 2019 –March 2020		—	—	—	214,489	214,489
<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>6,814,283</u></b>	<b><u>7,384,418</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, 2020**

**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 rets:

	<u>%</u>
Computers	50
Electronic equipment	20
Furniture and equipment	20
Leasehold improvements	20

The parent company decided that items less then 1000 EUR should be fully depreciated in the year in which it was purchased.  
Depreciation for Tax Authorities is calculated according to Israeli rules.

**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, 2020

Note 3 – Trade Receivables

	<u>March 31</u>	<u>March 31</u>
	<u>2020</u>	<u>2019</u>
	<u>New Israeli Shekels</u>	
Trade receivables	4,232,453	3,569,040
Less – provision for doubtful debts	(25,000)	(25,000)
	<u>4,207,453</u>	<u>3,544,040</u>

Note 4 – Other Receivables and Debit Balances

	<u>March 31</u>	<u>March 31</u>
	<u>2020</u>	<u>2019</u>
	<u>New Israeli Shekels</u>	
Sister companies	1,930,469	433,105
Vehicle deposit and gas suppliers	36,948	36,948
Advances to supplier	9,440	14,035
Income receivable	309,088	695,981
Prepaid expenses	252,736	251,676
	<u>2,538,681</u>	<u>1,431,646</u>

Note 5 – Fixed Assets less Accumulated Depreciation

	<u>Cost</u>		<u>Accumulated Depreciation</u>		<u>Depreciated Cost</u>	
	<u>March</u>	<u>March</u>	<u>March</u>	<u>March</u>	<u>March</u>	<u>March</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>New Israeli Shekels</u>					
Computers	289,031	271,688	264,415	208,518	24,617	63,170
Leasehold improvements	1,888,183	1,778,466	1,261,758	906,746	626,425	871,720
Furniture and equipment	<u>206,514</u>	<u>204,292</u>	<u>159,887</u>	<u>126,218</u>	<u>46,627</u>	<u>78,073</u>
	<u>2,383,729</u>	<u>2,254,446</u>	<u>1,686,060</u>	<u>1,241,482</u>	<u>697,668</u>	<u>1,012,964</u>



Designit T.L.V. Ltd.Notes to the Financial StatementsMarch 31, 2020Note 6 – Other Payables and Credit Balances

	<u>March 31</u>	<u>March 31</u>
	<u>2020</u>	<u>2019</u>
	<u>New Israeli Shekels</u>	
Sister company	70,791	31,396
Provision for bonus	229,877	291,301
Salary-related agencies, Employees	796,676	762,453
Value Added Tax	177,573	198,268
Assessing officer	46,119	174,735
Accrued expenses	63,170	163,277
Advances from customers	18,428	70,030
Provision for recreation	44,158	40,442
Provision for vacation	102,510	98,246
Credit companies	19,295	20,664
	<u>1,568,596</u>	<u>1,850,812</u>

Note 7 – Share Capital

	<u>At March 31, 2020</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, 2020

**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, 2020

**Note 11- Option's plan for employees**

During the year 2019, options of the parent company were issued to one of company's employees. According to the option plan, the parent company debited the company for 17,780 NIS. This amount was reflected at these financial statements as a part of option plan expenses.

**Note 12 – Related Parties**

**A. Balance Sheet Balances**

	<u>March 31</u> <u>2020</u>	<u>March 31</u> <u>2019</u>
	<u>New Israeli Shekels</u>	
Designit A/S	1,791,592	(31,396)
Designit London	34,665	-
Cooper Software Inc	33,421	433,105
	<u>1,859,678</u>	<u>401,709</u>

**B. Revenues and Expenses**

	<u>March 31</u> <u>2020</u>	<u>March 31</u> <u>2019</u>
	<u>New Israeli Shekels</u>	
<b><u>Revenues</u></b>		
Designit Germany GmbH	133,676	-
Designit London	253,022	-
Cooper Software Inc	481,374	295,430
Deisignit Tokyo Co. Ltd.	82,886	-
Designit A/S	1,001,969	600,828
	<u>1,952,928</u>	<u>896,258</u>
<b><u>Expenses</u></b>		
Designit Germany GmbH	27,633	-
Designit London	-	5,730
Designit Spain Digital S.L.	42,297	185,790
Designit Oslo AS	28,159	-
Designit Denmark A/S	-	5,270
Designit A/S	1,140,167	1,342,358
Designit Colombia S.A.S.	-	201,294
	<u>1,238,256</u>	<u>1,740,443</u>

Designit T.L.V. Ltd.

List A – Cost of Work Performed  
March 31, 2020

	<u>March 31</u>	<u>March 31</u>
	<u>2020</u>	<u>2019</u>
	<u>New Israeli Shekels</u>	
Salaries -Designers	7,337,979	7,213,898
Foreign travel	170,177	563,900
Subcontractors	<u>1,296,749</u>	<u>3,257,932</u>
	<u>8,804,904</u>	<u>11,035,730</u>

Designit T.L.V. Ltd.  
List B – Administrative and General Expenses  
March 31, 2020

	<u>March</u> <u>31</u> <u>2020</u>	<u>March</u> <u>31</u> <u>2019</u>
	<u>New Israeli Shekels</u>	
Salaries and salary-related expenses, Administration	2,626,792	2,558,369
Commissions to banks and credit companies	23,280	22,651
Messengers and deliveries	4,687	4,522
Maintenance and cleaning	94,930	100,374
Communications	53,824	64,582
Entertainment	11,125	23,409
Insurance	43,029	29,913
Office expense	32,899	22,654
Professional services	224,638	394,221
Fees and impositions	2,224	1,705
Advertising	61,147	125,166
PC requirements	110,646	114,231
Office rent	141,332	713,174
Electricity	24,920	29,483
Vehicle maintenance (including depreciation)	57,388	82,438
Office Insurance	36,098	38,233
Professional literature and professional education	119,686	28,463
Municipal taxes	199,537	201,231
Legal fees	24,776	68,170
Domestic travel	2,269	28,293
Foreign travel	33,775	40,646
Refreshments and gifts	207,470	162,831
Management fees to Holding Company	1,136,682	1,236,705
Depreciation of use right (see Note 10)	573,912	-
Depreciation (see also Note 2B(2))	444,579	482,047
Option's plan for employees (see Note 11)	<u>18,780</u>	<u>-</u>
	<u><b>6,310,424</b></u>	<u><b>6,573,508</b></u>