

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

**Financial Statements**

**As at March 31, 2024**

**Financial Statements at March 31, 2024**

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**Balance Sheets**

	<u>note</u>	<u>31.03.24</u>	<u>31.03.23</u>		<u>note</u>	<u>31.03.24</u>	<u>31.03.23</u>
		<u>New Israeli Shekels</u>				<u>New Israeli Shekels</u>	
<b>ASSETS</b>				<b>LIABILITIES AND EQUITY</b>			
<b>Current Assets</b>				<b>Current Liabilities</b>			
Cash		968,830	1,079,353	Loan from Designit A/S	8	-	1,053,162
Trade receivables	3	2,503,445	2,110,444	Trade payables		345,159	246,232
Other receivables	4	1,529,215	1,562,200	Other payables and credit balances	6	4,086,819	3,711,837
		<u>5,001,490</u>	<u>4,751,997</u>			<u>4,431,978</u>	<u>5,011,231</u>
<b>Non – Current Assets</b>				<b>Non – Currents Liabilities</b>			
Net Fixed assets	2,5	134,392	247,520				
Use right assets (IFRS 16)	10	1,304,810	1,863,370	Liability for lease (IFRS 16)	10	1,170,862	1,719,893
Establishment expenses		2,880	2,880				
		<u>1,442,082</u>	<u>2,113,770</u>				
				Shareholders' Equity	7-9	840,732	134,643
		<u>6,443,572</u>	<u>6,865,767</u>			<u>6,443,572</u>	<u>6,865,767</u>

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**Manager**

The notes to the financial statements are an integral part thereof.

**Statements of Operations**

	<u>Note</u>	<u>Year</u>	<u>Year</u>
		<u>Ended</u>	<u>Ended</u>
		<u>31.03.24</u>	<u>31.03.23</u>
<u>New Israeli Shekels</u>			
Revenues		11,507,056	12,072,998
Cost of work performed (List A)		<u>(9,538,995)</u>	<u>(9,993,995)</u>
<b>Gross profit</b>		1,968,061	2,079,003
Administrative and general expenses (List B)		<u>(7,759,289)</u>	<u>(6,462,128)</u>
<b>Income (loss) before financing expenses</b>		(5,791,228)	(4,383,125)
Financing income/(expenses)		<u>(134,108)</u>	<u>(122,650)</u>
<b>Income (loss) after financing income</b>		(5,925,336)	(4,505,775)
Other income	5	<u>22,425</u>	<u>-</u>
<b>Income (loss) before taxes on income</b>		(5,902,911)	(4,505,775)
Taxes on income		<u>-</u>	<u>-</u>
<b>Net income (loss) for the period</b>		<u><u>(5,902,911)</u></u>	<u><u>(4,505,775)</u></u>

The notes to the financial statements are an integral part thereof.

**Statements of Changes in Shareholders' Equity**

	Share Capital	Premium on Shares	capital note	Capital Reserve	Retained Earnings	Total
	New Israeli Shekels					
<b>Balance at March 31, 2022</b>	85	698,447	-	(77,012)	4,018,894	4,640,418
Income for the period April 2022 –March 2023	-	-	-	-	(4,505,775)	(4,505,775)
<b>Balance at March 31, 2023</b>	85	698,447	-	(77,012)	(486,881)	134,643
capital note	-	-	6,609,000	-	-	6,609,000
Loss for the period April 2023 –March 2024	-	-	-	-	(5,902,911)	(5,902,911)
<b>Balance at March 31, 2023</b>	85	698,447	6,609,000	(77,012)	(6,389,792)	840,732

The notes to the financial statements are an integral part thereof.

**Notes to the Financial Statements March 31, 2024****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**

- (1) The fixed assets are presented at cost less accumulated depreciation.  
 (2) 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 rates:

	%
Computers	50
Electronic equipment	20
Furniture and equipment	20
Leasehold improvements	20

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

As of October 2021, a company has changed the rate of reduction of computers to 33% and mobile phones to 50%. Instead of their complete depreciation, comparison numbers have not been corrected.

**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.

**Note 3- Trade Receivables**

	31.03.24	31.03.23
	New Israeli Shekels	
Trade receivables	2,503,445	2,110,444
Less – provision for doubtful debts	-	-
	<u>2,503,445</u>	<u>2,110,444</u>

**Notes to the Financial Statements March 31, 2024****Note 4- Other Receivables**

	<u>31.03.24</u>	<u>31.03.23</u>
	<u>New Israeli Shekels</u>	
Assessing officer	133,020	79,890
Sister companies	12,216	1,318,162
Income receivable	1,321,938	93,393
Prepaid expenses	62,041	70,755
	<u>1,529,215</u>	<u>1,562,200</u>

**Note 5- Fixed Assets less Accumulated Depreciation**

	<u>Cost</u>		<u>Accumulated Depreciation</u>		<u>Depreciated Cost</u>	
	<u>31.03.24</u>	<u>31.03.23</u>	<u>31.03.24</u>	<u>31.03.23</u>	<u>31.03.24</u>	<u>31.03.23</u>
	<u>New Israeli Shekels</u>		<u>New Israeli Shekels</u>		<u>New Israeli Shekels</u>	
Computers	528,318	548,458	475,668	423,463	52,650	124,995
Leasehold improvements	2,079,805	2,061,505	1,998,804	1,941,920	81,001	119,585
Furniture and equipment	212,334	212,334	211,593	209,394	741	2,940
	<u>2,820,457</u>	<u>2,822,297</u>	<u>2,686,065</u>	<u>2,574,777</u>	<u>134,392</u>	<u>247,520</u>

\* In the accounting year, the company sold fixed assets for which it had a capital gain of NIS 22,425.

**Note 6- Other Payables and Credit Balances**

	<u>31.03.24</u>	<u>31.03.23</u>
	<u>New Israeli Shekels</u>	
Sister company	2,867,418	2,108,657
Provision for bonus	44,875	75,680
Value Added Tax	42,390	3,822
Salary-related agencies, Employees	788,685	972,243
Accrued expenses	146,114	335,033
Provision for recreation	43,152	54,227
Provision for vacation	141,730	149,710
Credit companies	12,455	12,465
	<u>4,086,819</u>	<u>3,711,837</u>

**Notes to the Financial Statements March 31, 2024****Note 7- Share Capital**

	<u>Authorized</u>	<u>Issued</u>	<u>Paid Up</u>
	<u>At March 31, 2024</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 December 14, 2022, the company received a loan from the parent company in the amount of 270 thousand euros which bears interest Euro Short-term Rate ("ESTR") rate plus 85 basis points.
- B. On March 31, 2024, the company converted the loans in the amount of 6,609 thousand shekels into a non-interest-bearing bond.  
The company presents the capital deed as part of the equity

**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.

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.



**Notes to the Financial Statements March 31, 2024****Note 11- Option's plan for employees**

During the year 2020, options of the parent company were issued to one of company's employees. According to the option plan, in 2021 and 2022 the parent company debited the company for 26,791 And (81,835), respectively. This amount was reflected at these financial statements as a part of option plan expenses.

**Note 12- Related Parties**

	<u>31.03.24</u>	<u>31.03.23</u>
	<u>New Israeli Shekels</u>	
<b><u>Balance Sheet Balances:</u></b>		
Designit A/S	-	(288,475)
Designit North America Inc	12,216	67,143
Designit Spain Digital S.L.U	(636,090)	(727,162)
Designit Denmark A/S	(984,869)	60,446
Designit Germany GmbH	-	(132,082)
Wipro Technologies GmbH	(4,400)	-
Designit Oslo AS	(21,166)	530,299
Designit Denmark A/S Branch in London	(784,124)	(547,953)
Wipro Limited (UK)	(98,816)	-
Designit Tokyo Co., Ltd	-	9,838
Designit A/S Branch in Australia	-	114,007
Designit Sweden AB	-	54,139
Wipro Limited (India)	(337,953)	69,305
	<u>(2,855,202)</u>	<u>(790,495)</u>
<b><u>Revenues and Expenses</u></b>		
	<u>31.03.24</u>	<u>31.03.23</u>
	<u>New Israeli Shekels</u>	
<b><u>Revenues</u></b>		
Designit North America Inc	16,172	66,659
Designit Spain Digital S.L.U	46,884	186,602
Designit Denmark A/S	32,067	60,776
Designit Germany GmbH	-	120,229
Wipro Technologies GmbH	257,385	-
Designit Oslo AS	37,068	540,090
Designit Denmark A/S Branch in London	39,436	208,916
Wipro Limited	2,518,521	490,470
Designit Tokyo Co., Ltd	-	9,892
Designit A/S Branch in Australia	14,867	54,435
Designit Sweden AB	19,838	54,139
Designit A/S	42,825	-
	<u>3,025,063</u>	<u>1,792,208</u>
<b><u>Expenses</u></b>		
Designit North America Inc	4,064	3,968
Designit Spain Digital S.L.U	678,547	844,657
Designit Germany GmbH	-	251,658
Wipro Technologies GmbH	124,779	-
Designit Oslo AS	172,522	6,895
Designit Denmark A/S Branch in London	855,435	704,785
Wipro Limited	588,893	347,673
Designit A/S	7,677	-
	<u>2,431,917</u>	<u>2,159,636</u>

**List A – Cost of Work Performed**

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31.03.24</b>	<b>31.03.23</b>
	<b>New Israeli Shekels</b>	
Salaries -Designers	7,272,828	8,488,912
Foreign travel	20,506	32,032
Subcontractors	<u>2,245,661</u>	<u>1,473,051</u>
	<u><u>9,538,995</u></u>	<u><u>9,993,995</u></u>

**The notes to the financial statements are an integral part thereof.**

**List B – Administrative and General Expenses**

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31.03.24</b>	<b>31.03.23</b>
	<b>New Israeli Shekels</b>	
Salaries and salary related expenses, Administration	2,491,104	2,324,505
Commissions to banks and credit companies	20,664	21,550
Messengers and deliveries	626	4,138
Maintenance and cleaning	64,248	98,258
Communications	31,626	36,531
PC requirements	82,293	155,461
Entertainment	1,614	9,754
Insurance	72,127	46,833
Office expense	12,711	32,050
Professional services	115,396	197,806
Reimbursement of expenses to Holding Company	3,488,271	2,138,067
Fees and impositions	1,779	3,099
Advertising	97,831	23,510
Office Insurance	17,494	32,197
Office rent	164,567	135,800
Electricity	18,974	14,934
Vehicle maintenance (including depreciation)	5,469	6,537
Uncollectable debts	-	-
Professional literature and professional education	35,144	57,852
Municipal taxes	199,492	209,503
Legal fees	11,701	64,545
Domestic travel	2,579	3,638
Foreign travel	8,620	8,744
Option's plan for employees (see Note 11)	-	(81,835)
Refreshments and gifts	129,094	217,513
Depreciation of use right (see Note 10)	558,561	558,561
Depreciation	<u>127,304</u>	<u>142,577</u>
	<u><u>7,759,289</u></u>	<u><u>6,462,128</u></u>

**The notes to the financial statements are an integral part thereof.**

**Designit T.L.V. Ltd.**  
**Compliance report for tax purposes**  
**01.04.2022-31.03.2023**

	NIS	NIS
Loss according to profit and loss statement		(5,902,911)
<b>Add:</b>		
Depreciation of books (see note 2(b))	127,304	
Depreciation according to IFRS 16 (see note 10)	558,561	
Financing expenses according to IFRS 16 (see note 10)	48,166	
Excess expenses	24,950	
Income tax interest	1027	
		760,008
<b>Reduce:</b>		
capital gain	22,425	
Income tax depreciation (see note 2(b))	313,954	
A decrease in the provision for the bonus	30,805	
A decrease Provision for recreation	11,075	
A decrease Provision for vacation	7,980	
rental expenses	623,701	
		(1,009,940)
Capital loss carried forward		(4,406)
capital gain this year		22,425
capital gain		18,019
loss of the year		(6,152,843)
loss of the year in offsetting current capital gain		(6,134,824)
Loss carried forward from previous years		(6,576,265)
Loss to carry forward to future years		(12,711,089)

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**Manager**

Hadera, 09/05/2024

I checked the adjustment of Designite TLV Ltd. for the tax year 2023 adjusting the company's loss according to a report of profit and loss for the carried forward loss declared by it for income tax purposes for the tax year that ended on March 31, 2024.

Checking the expenses specified in the regulations regarding "conditions for deducting certain expenses", the necessary calculations according to Section 3(j) of the Income Tax Ordinance and the fulfillment of the conditions specified in Section 32A of the Ordinance were made to the extent agreed upon between the Income Tax Commission and the Chamber of Certified Public Accountants, for all that is implied, and as reflected in the reconciliation report.

In my opinion, subject to what was stated in the previous paragraph, the above adjustment was made in accordance with the provisions of the Income Tax Ordinance and the law Income tax (adjustments due to inflation), 1985.

Nativ Ben Zeev  
Certified Public Accountant (Isr.)

**Designit T.L.V. Ltd.**  
**Tax calculation**  
**for the 2023 tax year**

	NIS	NIS
Taxable income according to the adjustment report for tax purposes		(12,711,089)
The income tax		
minus:		
advances paid	-	
Advances for excesses	132,440	
Refundable tax balance		-
Advances due to excesses paid in 2020		27,000
Advances due to excesses paid in 2021		27,000
Advances due to excesses paid in 2022		51,440
Advances due to excesses paid in 2023		27,000
Advances paid and not offset		132,440