

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

SimiGon Ltd

("SimiGon" or the "Company")

Interim Results for the six months ended 30 June 2020

SimiGon Ltd (LSE: SIM), a global leader in providing simulation and training solutions, announces its interim results for the six months ended 30 June 2020 (the "Period").

Financial Highlights

- Revenues decreased by 50% to \$1.35 million (H1 2019: \$2.68 million) reflecting slower progress in delivering against project milestones due to COVID-19 restrictions and limitations on securing expected new business wins
- Pipeline for H2 and beyond gives confidence in longer-term prospects
- Consequential impact on gross margin of 49% (H1 2019: 66%)
- Operating expenses decreased by 15% to \$1.88 million (H1 2019: \$2.20 million)
- Operating loss of \$1.22 million (H1 2019: \$0.44 million)
- Net loss increased by 193% to \$1.27 million (H1 2019: \$0.43 million)
- Basic and diluted loss per share of \$0.02 (H1 2019: loss per share \$0.01)
- Cash, cash equivalent, short term investment and deposits of \$6.30 million as at 30 June 2020 (30 June 2019: \$6.15 million)
- Trade receivables decreased by 73% to \$0.61 million (30 June 2019: \$2.30 million)

Operational Highlights

- Establishment of a Mergers & Acquisitions (M&A) team, seeking strategic acquisition opportunities for the Company to increase SimiGon's near term revenues as well as improve long term growth prospects.
- Secured additional software and hardware warranties and support services for the United States Air Force T-6A Level 5 FAA Compliant Flight Training Device, valued at up to \$0.7 million over the course of 6 months starting in May 2020, with options to extend the service period for an additional 12 months.
- Continued to support major military flight training programs including:
 - The USAF Air Education and Training Command Undergraduate Remotely Piloted Aircraft Training ("URT");
 - Support for Lockheed Martin's UK Military Flight Training System ("UKMFTS"); and
 - Providing software and services as part of long-term relationship with a strategic European customer.
- Successfully delivered milestones for the United States Air Force ("USAF") phase one contract to provide twelve (12) SIMbox-based F-15E Mixed Reality ("MR") training devices for USAF Air Combat Command ("ACC").
- Completed multiple delivery milestones for the \$2 million Israeli Air Force ("IAF") F-16 Maintenance Trainer Program ("IAF F16 Maintenance Trainer") contract announced in June 2016 and for the T6A Simulation Based Trainers to the IAF Flight Academy contract ("IAF T6A") announced in September 2018.
- Successful milestones deliveries for the \$1.8 million contract from a large international defense electronics company to design, develop and implement a C-130 virtual maintenance training solution.
- During the Period, SimiGon has continued its ongoing R&D efforts to enhance simulation-based training and position the Company to capitalize on new high growth market opportunities mainly in maintenance training technologies.

- Promoted the Chief Operating Officer, Mr. Jack Sarnicki, to President of SimiGon Inc., the main trading subsidiary of the Company.

Ami Vizer, SimiGon's Chief Executive Officer and Executive Chairman, commented: “SimiGon’s core business supporting military aircrew training through direct Government contract and subcontracts has been adversely affected by the coronavirus (COVID-19). Despite numerous contracts delays, we have continued to work through the challenges, making our programme deliveries and support while receiving a contract extension from the USAF for RPA training. The ongoing R&D efforts in XR and maintenance training are creating significant future growth potential. This has made SimiGon a more cohesive, focused and ready-made company for the challenges to come.

We are continually reassessing our prospects given the dynamic environment and restrictions imposed across our international business, but have concluded that performance for the financial year will be behind that of 2019. This is unfortunate but understandable in the circumstances, and given that existing long-term relationships have remained strong, our contracts remain in place if delayed, and, with a resilient financial position, we are confident in the longer term prospects for the business.”

Legal actions:

On January 13, 2020 D.D Goldstein Real Estates and Investment Ltd., which to the Company's knowledge acquired 1,500,000 shares in the Company during 2019, has filed two legal actions in the Tel Aviv District Court – a petition for leave to file a monetary claim concerning salaries on behalf of the Company and an action for prerogative relief concerning resolutions approved at the Company's annual general meeting held on December 30, 2019 (the “AGM”) regarding the appointment of directors and the determination of their compensation. The legal actions allege certain flaws in the election of Mr. Simon Bentley, Mr. Ran Pappo, Mrs. Ronit Schwartz and Mrs. Deborah Bitman as directors (the "Plaintiff"). The Company has notified its insurers with respect to allegations against directors.

Coronavirus (COVID-19)

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. COVID-19 threatens to be a disruptor to companies, supply chains and the world economy. As of the date of approval of the interim consolidated financial statements, there has been a significant impact on the Company’s operations resulting from the COVID-19 outbreak. Though the Company had not received any cancellation notices from its customers in respect of active purchase orders as a result of COVID-19, the restrictions imposed in response to the pandemic have slowed the ability of the Company to deliver during the Period, and whilst this business has been delayed rather than lost, it is clear that the rate of winning new business opportunities has been negatively impacted. In light of the uncertainty as to the severity and duration of the pandemic, the overall impact of COVID-19 on the Company’s future revenues, profitability, liquidity and financial position is difficult to assess at this time. The Company expects a moderate improvement in performance in H2 but the performance for the full financial year will be below that of the previous financial year.

Enquiries:

SimiGon Ltd

Ami Vizer, Chief Executive Officer and Executive Chairman +1 (407) 951 5548
Efi Manea, Chief Financial Officer

finnCap (NOMAD & Broker)
Henrik Persson / Matthew Radley

+44 (0) 207 220 0500

Overview

During the Period while impacted from COVID-19, the Company achieved successful delivery milestones of its strategic contracts. This includes milestones on the IAF F-16 Maintenance Trainer, C-130 virtual maintenance training solution and T-6A Simulation Based Trainers programs, Onsite/Offsite and logistics support provided to the USAF for the URT program and continued support for the UK Military Flight Training System. Advanced proven technology, together with successful deliveries, have led SimiGon to be contracted with strategic programs throughout the period which has solidified SIMbox as a major training technology platform.

SimiGon's technology supports industry demand for more realistic training and depth perception provided with XR solutions. Integrated with our Learning Management System and Virtual Instructor, trainees receive high value, self-paced training, saving end user organizations time and money.

Over the Period, the Company continued its strategic focus on its three main areas:

- **Sustain the baseline** - Successfully delivering Distributed Learning Solutions to our core strategic partners worldwide. SimiGon, directly and through its partners, now has training sites in North America, Europe, Middle East and in the Asia Pacific markets.
- **Expand market reach** - Expand the utilization of our SIMbox technology to multiple domains. This was successfully achieved by targeting several high opportunity markets such as maintenance training providers, commercial equipment operators, as well as training and research labs that utilize SIMbox as part of their research.
- **Strengthen SimiGon's technology capabilities** - Improve the technological capabilities of the SIMbox technology in order to enable the growth of the Company as detailed above. Beyond the expansion of our graphics engine, simulation and learning management system, we have added and delivered XR solutions to multiple clients around the globe.

The R&D efforts in the Period have focused on advancing the Company's maintenance training technologies, improving XR performance, enabling plug&play capability with consumer VR headsets, together with continued development of the Company's simulation software development tools, high fidelity Image Generator, user monitoring and performance tracking with simulation data analytics. This comprehensive solution developed by SimiGon not only provides an immersive, high fidelity training environment, it also provides organizations the ability to see trainee(s) progression rate and areas of difficulty, enabling the curriculum to be tweaked for better training results. SIMbox technologies accelerating training are increasing the Company's opportunities and market penetration across military and civilian training markets.

Operational Review

SimiGon's core technology platform, SIMbox, and support services were developed for large simulation training programmes for the Government and Commercial sectors. As the Company evolves into a training systems integrator, SimiGon remains at the forefront of designing, developing, implementing and supporting advanced simulation and training solutions to accelerate learning. Increased operational proficiency lowers safety risks and better prepares operators for real operations, whether they are flights, weapons systems operations, flight line maintenance tasks or deep sea oil rig operations. Leveraging the robust SIMbox ecosystem, SimiGon and its partners are delivering XR capable simulation-based training content across multiple domains and across the hardware spectrum, from tablets and laptops/PCs to high fidelity training devices.

SimiGon's strategic, simulation-based training solutions offer flexible licensing models with traditional software licensing or SaaS. SimiGon's technologies and capabilities provide significant added value to multiple industries.

Markets

Aerospace and defense related industry

SimiGon's historical core market is aerospace and defense, particularly military aviation, where the Company continues to illustrate its position as a preferred technology supplier to the world's largest military training programs.

The Company's track record of delivering on time and within budget has led to winning multiple military-related contracts around the world, as well as serving to further entrench the Company with existing customers into new programs.

Civilian and Commercial vertical markets

SimiGon's significant capabilities, proven in the defense sector, are being leveraged to pursue new civilian training contracts. SimiGon's civilian training market opportunities range from maintenance, safety, energy and other industrial operations skills. The Company's efforts to grow vertical Government and Civilian training are proceeding. The Company recognizes the growth potential in XR training solutions and is developing and marketing relevant solutions to support this fundamental shift in the training world.

The pre-COVID19 global smart education and learning market size is expected to reach \$423.2 billion by 2025 at a 15.2% CAGR, offering extensive expansion opportunities for SimiGon. The enterprise XR training market is expected to reach \$393 billion by 2025 with a CAGR of 69.4% between 2019-2025.

Millennials and Generation Z users learning experience is transforming the training industry as students are exposed to digital devices from a young age. Adaptive learning, simulation-based learning, blended learning, and collaborative learning, all part of SimiGon products, have subsequently evolved to offer users enhanced learning methodologies and experiences.

The simulation-based learning segment is anticipated to grow at a fast pace, enabling professional organizations and educational institutions to virtually experience real world environments for trainees to practice, navigate, explore, and obtain more information through a virtual medium before they start working on real-life tasks. Growing awareness among people and rising popularity of smart education are encouraging solution providers to invest in research and development for creating more reliable, better, and cost-effective solutions.

As an Open System Architecture ("OSA") software framework, SimiGon's ability to integrate with new technologies makes its viable long-term training simulation software fully capable of leveraging the immersive training needs of the XR civilian markets. SimiGon software offers an advanced solution to organizations seeking to teach visual and interactive problem solving in far ranging markets such as civilian aviation, technician training, language training, customer service training and corporate leadership. The Company's technology, experience and personnel, place it in a unique position to take advantage of the cultural shifts democratizing learning and training to reach the wider consumer market.

Marketing

SimiGon's marketing mix includes digital and print advertising, social media and booths at four industry symposiums, including the ITEC in Europe, IITSEC, Air Warfare Symposium and TSIS in the US, as well as participation in smaller industry demos for select end users.

General

The Company continues to further develop its disruptive, baseline, commercial off-the-shelf ("COTS") product with additional top layer application content and capabilities to reach more end users and vertical markets.

Targeted verticals such as commercial aviation maintenance training, security training, language training and vocational training have common requirements to the defense-related industries the Company continues to target. Specifically, they are highly regulated, require complex and specialized skill training and have zero tolerance for error. SimiGon is seeking to increase market share and broaden the end user applications for its base line SIMbox software platform in new domains.

Business Model

The Company's strategy, is to focus on long-term, high value, stable SaaS license contracts and services that provide better revenue and profit visibility as a result of distributing over the Period in which they are provided rather than lumpy license sales.

With SaaS-based contracts, the recurring maintenance and support stream is already included in the contract terms. In addition, the Company maintains flexibility with its traditional perpetual license fee model where the Company is paid for software license and support, as well as providing turnkey solutions for customers and partners as a Prime contractor or Sub-contractor.

Growth Strategy

The Company is focused on organic growth with its existing customer base, offering continuous product developments and services; leveraging its experience and IP developed from existing contracts as a Prime Contractor and Subcontractor to win new business and capture sales in established segments; and expanding its core technology's applicability for new market domains, directly and indirectly.

SimiGon's highly scalable, COTS technology training management system makes it an ideal solution to address new training domains with little customization required. New projects and markets continue to utilize the product infrastructure and developer tools to create the new application content; once developed, they are leveraged to target the wider market.

In addition, SimiGon is seeking to acquire simulation & training businesses that are aligned with the Company's strategic focus in the Government and Commercial training and simulation market. SimiGon is in the enviable position of having both the financial ability and trust of our key shareholders to make strategic business acquisitions that will help us expand in our key market segments.

Long term contracts

The Company maintained its solid portfolio of long term partnerships:

- On December 2019, the Company has been awarded a \$1.8 million contract from a large international defense electronics company (“Defense Company”) to design, develop and implement a C-130 virtual maintenance training solution. The Contract for the C-130 training system is a new product complementing SimiGon’s current range of VMT solutions, including the F-16 training system which is already used by the IAF. This Contract, along with other ground based training systems using SimiGon technologies in the IAF, including T-6A Virtual Reality systems and the M-346 Advanced Jet Trainer, further solidifies SimiGon technologies as the IAF’s primary training technology platform for aircrew academy members. The Contract’s period of performance (excluding 12 months warranty and support) is approximately eighteen (18) months. During the Period, SimiGon has successfully delivered programs milestones
- The Company has been awarded with a BPA from the USAF for the supply of Virtual and Mixed Reality Systems. The BPA, has a contract ceiling of \$6 million over a two-year period. This allows the U.S. Government to rapidly order Virtual Reality (VR) and Mixed Reality (MR) solutions. SimiGon was one of four contractors awarded.
- SimiGon continues its successful support for UKMFTS as a technology and services provider to Lockheed Martin. The Company continues to deliver under this long term contract, now in its ninth year of support, exceeding partner and end user expectations of SimiGon's technologies and performance.
- Ongoing USAF contracts for the continued maintenance and support including onsite hardware and software support for the sixteen SIMbox-based T-6A Level 5 FTDs.
- SimiGon completed multiple delivery milestones for the \$2 million IAF F16 Maintenance Trainer contract announced in June 2016 to provide F-16 maintenance simulation based training systems to the IAF’s technician school in Haifa, Israel. This contract, in the maintenance training domain, is a new, lucrative vertical for SimiGon and will provide us with the experience and credentials to leverage for similar new business opportunities in other regions and other sectors.
- The Company continues to support and has further expanded its long-term relationship with a major existing European customer that it has been supplying with software and services since 2009. SimiGon continues its successful support of the SIMbox-based T-6A Simulation Based Trainers units provided to the IAF Flight Academy.

Financial Performance

Revenue for the Period was \$1.35 million, compared to \$2.68 million for the six months ended 30 June 2019. This decrease was attributable to the operational difficulties and delays in delivering against contracts during the COVID-19 pandemic and slowing of new business opportunities. Subject to revenue recognition and deliveries, it is expected that H2 revenue will be at the very least the same as H1 as these delays unwind, though it is possible that these may slip into the coming financial year.

Gross profit for the Period was \$0.66 million, as compared to \$1.76 million for the six months ended 30 June 2019. Accordingly, gross margins decrease to 49% for the Period as compared to 66% for the six months ended 30 June 2019. The main contributor to the reported decrease in gross margin is the purchase of hardware in a total of \$0.23 million that was provided as part of SimiGon’s programs with the USAF and with the IAF T6A program.

Total operating expenses for the Period decreased by 15% to \$1.88 million as compared to \$2.20 million in the six months ended 30 June 2019. R&D expenses for the Period decreased by 22% to \$0.86 million as compared to \$1.10 million for the six months ended 30 June 2019 mainly due to salary expenses.

Marketing expenses for the Period decreased by 9% to \$0.51 million as compared to \$0.57 million for the six months ended 30 June 2019 mainly due to salary expenses. General and Administrative expenses for the Period decreased by 5% to \$0.50 million as compared to \$0.53 million for the six months ended 30 June 2019 mainly due to salary expenses.

The decrease in R&D and marketing expenses is part of a strategic decision by the Company to ensure that it continues to be on the front foot with respect to capitalizing on the many market opportunities available to the Company whilst also ensuring costs are kept under control. Development of our existing software ensures that we maintain our position as one of the leading providers in the market.

Operating loss for the Period was \$1.22 million, as compared to \$0.44 million for the six months ended 30 June 2019.

As a consequence of the factors above, the Company recorded net loss for the Period of \$1.27 million compared with \$0.43 million for the six months ended 30 June 2019.

Basic and diluted loss per share was to \$0.02 for the Period as compared to basic and diluted loss per share of \$0.01 for the six months ended 30 June 2019. As at 30 June 2020 the Company had liquid cash of \$6.30 million as compared to \$6.04 million as at 31 December 2019.

Trade receivables decreased by 73% to \$0.61 million as of 30 June 2020 as compared to \$2.30 million as of 30 June 2019. A total of \$0.33 million of the year end trade receivables balance has been collected since 30 June 2020.

The interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will continue its operations for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. In arriving at this determination, the Company has undertaken a thorough review of the Company's cash flow forecast and potential liquidity risks. Cash flow projections have been prepared which show that the Company will have sufficient funds to finance its operations and meet its obligations during the period of at least 12 months from the date of approval of the interim consolidated financial statements.

As part of the Company's ongoing activities to reduce the impact of COVID19 on its financials, on April 24 2020, the Company's subsidiary SimiGon Inc has received a loan in a total of \$0.23 million from the US Small Business Administration (SBA) as part of their Paycheck Protection Program that helps businesses keep their workforce employed during COVID-19 crisis. The SBA will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses. In addition, the Company receive a state-guaranteed bank loan in a total amount of \$0.23 million following the announcement made by the State of Israel of the opening of dedicated small business financial aid funds following the COVID-19 crisis.

Outlook

In spite of the short to medium term impact of COVID-19, SimiGon's outlook in the longer term remains positive. This is primarily due to its superior technology, growing presence in the maintenance training sector, continued R&D investment and the overwhelming need to provide millennials and Generation Z with XR capable, immersive training solutions. Government and Civilian requirements for proficient training operators in multiple domain zero risk tolerance industries such as aviation and energy, is a challenge the Company looks forward to capturing.

The negative impact of the COVID-19 pandemic on the current financial year is set out above but the Company remains agile and able to scale rapidly to support new business and deliver its vision and business strategy.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended		Year ended
	June 30,		December 31,
	2020	2019	2019
	Unaudited		Audited
	U.S. dollars in thousands		
	(except per share data)		
Revenues	1,349	2,680	4,882
Cost of revenues	<u>689</u>	<u>924</u>	<u>1,797</u>
Gross profit	<u>660</u>	<u>1,756</u>	<u>3,085</u>
Operating expenses:			
Research and development	861	1,101	2,175
Selling and marketing	514	567	1,187
General and administrative	<u>502</u>	<u>530</u>	<u>1,171</u>
<u>Total operating expenses</u>	<u>1,877</u>	<u>2,198</u>	<u>4,533</u>
Operating loss	(1,217)	(442)	(1,448)
Other income	<u>3</u>	<u>-</u>	<u>-</u>
Loss before financial expenses	(1,214)	(442)	(1,448)
Financial income	41	88	215
Financial expenses	<u>98</u>	<u>79</u>	<u>215</u>
Loss	<u>(1,271)</u>	<u>(433)</u>	<u>(1,448)</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six months ended		Year ended
	June 30,		December 31,
	2020	2019	2019
	Unaudited		Audited
	U.S. dollars in thousands		
Loss	<u>(1,271)</u>	<u>(433)</u>	<u>(1,448)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gain (loss) from defined benefit plan	<u>*) -</u>	<u>(9)</u>	<u>(27)</u>
<u>Total</u> other comprehensive loss	<u>(1,271)</u>	<u>(442)</u>	<u>(1,475)</u>
<u>Total</u> comprehensive loss	<u>(1,271)</u>	<u>(442)</u>	<u>(1,475)</u>
Basic and diluted loss per share attributable to equity holders of the Company (in U.S. dollars)	<u>(0.02)</u>	<u>(0.01)</u>	<u>(0.03)</u>
Weighted average number of shares used in computing basic and diluted loss per share (in thousands)	<u>51,017</u>	<u>51,018</u>	<u>51,020</u>

*) Represents less than \$ 1 thousand.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2020	December 31, 2019
	Unaudited	Audited
	U.S. dollars in thousands	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	1,183	2,974
Short-term bank deposit	3,280	1,181
Short-term investments	1,832	1,887
Short-term restricted cash	-	523
Trade receivables, net	611	1,407
Other accounts receivable and prepaid expenses	123	37
<u>Total current assets</u>	<u>7,029</u>	<u>8,009</u>
NON-CURRENT ASSETS:		
Restricted cash	50	38
Long-term prepaid expenses	31	27
Property, plant and equipment	28	99
Right-of-use assets	169	294
Goodwill and intangible asset	1,068	1,068
<u>Total non-current assets</u>	<u>1,346</u>	<u>1,526</u>
<u>Total assets</u>	<u>8,375</u>	<u>9,535</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30, 2020	December 31, 2019
	Unaudited	Audited
	U.S. dollars in thousands	
EQUITY AND LIABILITIES		
CURRENT LIABILITIES:		
Current maturities of long term bank loan	5	-
Trade payables	70	86
Current maturities of lease liabilities	132	245
Deferred revenues	343	236
Other accounts payable and accrued expenses	767	845
<u>Total current liabilities</u>	<u>1,317</u>	<u>1,412</u>
NON-CURRENT LIABILITIES:		
Long term bank loan	226	-
Lease liabilities	9	31
Employee benefit liabilities	370	362
Other non-current liabilities	701	708
<u>Total non-current liabilities</u>	<u>1,306</u>	<u>1,101</u>
<u>Total liabilities</u>	<u>2,623</u>	<u>2,513</u>
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY:		
Share capital	125	125
Additional paid-in capital	16,652	16,651
Treasury shares	(105)	(105)
Accumulated deficit	(10,920)	(9,649)
<u>Total equity attributable to equity holders of the Company</u>	<u>5,752</u>	<u>7,022</u>
<u>Total liabilities and equity</u>	<u>8,375</u>	<u>9,535</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Year ended
	June 30,		December 31,
	2020	2019	2019
	Unaudited		Audited
	U.S. dollars in thousands		
<u>Cash flows from operating activities:</u>			
Loss	(1,271)	(433)	(1,448)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Income and expenses not involving operating cash flows:			
Depreciation and amortization	149	159	308
Financial expenses (income), net	13	(57)	(70)
Financial expenses lease liabilities	4	-	20
Share-based compensation	1	2	3
Change in employee benefit liabilities, net	7	15	47
Changes in operating assets and liabilities:			
Decrease in trade receivables	796	267	1,164
Decrease (increase) in other accounts receivable and prepaid expenses (including long-term)	(19)	52	61
Increase (decrease) in trade payables	(16)	27	(74)
Increase (decrease) in deferred revenues	107	(94)	(91)
Increase (decrease) in other accounts payable and accrued expenses	(125)	52	146
	<u>917</u>	<u>423</u>	<u>1,514</u>
Net cash provided by (used in) operating activities	<u>(354)</u>	<u>(10)</u>	<u>66</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended		Year ended
	June 30,		December 31,
	2020	2019	2019
	Unaudited		Audited
	U.S. dollars in thousands		
<u>Cash flows from investing activities:</u>			
Decrease (increase) in restricted cash, net	512	256	278
Increase in short-term bank deposits, net	(2,088)	-	(139)
Proceed from sale of property, plant and equipment	55	-	-
Purchase of property, plant and equipment	(3)	(15)	(88)
Net cash provided by (used in) investing activities	<u>(1,524)</u>	<u>241</u>	<u>51</u>
<u>Cash flows from financing activities:</u>			
Proceed from bank loan	231	-	-
Repayment of lease liabilities	(144)	(142)	(287)
Proceeds from share issuance upon exercise of options	-	1	1
Net cash provided by (used in) financing activities	<u>87</u>	<u>(141)</u>	<u>(286)</u>
Increase (decrease) in cash and cash equivalents	(1,791)	90	(169)
Cash and cash equivalents at beginning of period	<u>2,974</u>	<u>3,143</u>	<u>3,143</u>
Cash and cash equivalents at end of period	<u><u>1,183</u></u>	<u><u>3,233</u></u>	<u><u>2,974</u></u>
<u>Non-cash activities:</u>			
Right-of-use assets and corresponding lease liabilities	<u>-</u>	<u>58</u>	<u>59</u>

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Accumulated deficit	Total equity
	U.S. dollars in thousands (except share amounts)					
Balance as of January 1, 2019 (audited)	*) 50,858,618	125	16,647	(105)	(8,174)	8,493
Total comprehensive loss	-	-	-	-	(1,475)	(1,475)
Share issuance upon exercise of options	5,000	**) -	1	-	-	1
Share-based compensation	-	-	3	-	-	3
Balance as of December 31, 2019 (audited)	*) 50,863,618	125	16,651	(105)	(9,649)	7,022
Total comprehensive loss	-	-	-	-	(1,271)	(1,271)
Share-based compensation	-	-	1	-	-	1
Balance as of June 30, 2020 (unaudited)	*) 50,863,618	125	16,652	(105)	(10,920)	5,752

	Number of shares	Share capital	Additional paid-in capital	Treasury shares	Accumulated deficit	Total equity
	U.S. dollars in thousands (except share amounts)					
Balance as of January 1, 2019 (audited)	*) 50,858,618	125	16,647	(105)	(8,174)	8,493
Total comprehensive loss	-	-	-	-	(442)	(442)
Share issuance	5,000	**) -	1	-	-	1
Share-based compensation	-	-	2	-	-	2
Balance as of June 30, 2019 (unaudited)	*) 50,863,618	125	16,650	(105)	(8,616)	8,054

*) Includes a total of 535,571 shares held in treasury.