



Photomyne Ltd.
("The Company")

November 11, 2021

To:

Israel Securities Authority

www.isa.gov.il

To:

Tel Aviv Stock Exchange

www.tase.co.il

Dear Madam, Sir,

Subject: Photomyne Ltd. (the "Company") – a condensed voluntary quarterly update for the period ended September 30, 2021, and an announcement regarding the crossing of a threshold of 400,000 paying subscribers in the Company's applications

The Company is hereby honored to publish a condensed, voluntary, **not reviewed and unaudited** update regarding the Company's activities for the nine-month period ended on September 30, 2021 (the "**Reporting Period**") and up to the date of this report (the "**Reporting Date**"). The review presented below is limited in scope and refers to events and changes that occurred in the Company's affairs during the said period and should be read in conjunction with the Annual Report for the year 2020 ("**Annual Report for 2020**") and the Semi-Annual Report for 2021 ("**The Semi-Annual Report for 2021**").¹ .

During the third quarter of 2021, the Company's growth trend continued, which was reflected in an increase in the total Collections. As of the Reporting Date, the Company has crossed a threshold of 400,000 paying subscribers, an increase of about 31% compared to the corresponding period last year. In addition, the Company continued to increase its investment in advertising and marketing expenses to support future growth.

¹As published on March 24, 2021 (Reference No.: 2021-01-023857) and July 22, 2021 (Reference No.: 2021-01-056440), respectively.

1. **Total paying subscribers** – Below are details of the total number of subscribers who pay for the Company’s applications² For the dates listed below:

	As of the Reporting Date	As at September 30, 2021	As at September 30, 2020	As at December 31, 2020
Number of paying subscribers	Approx. 400 thousand	Approx. 396 thousand	Approx. 306 thousand	Approx. 314 thousand

2. **Non-GAAP**³ – Below are details with respect to the total Collections⁴ in the Company’s applications, i.e., **subscription purchases in the Company’s applications for which the Company’s subscribers have already paid and for which the Company received the full payment in cash**, and the total direct expenses for advertising and marketing for the periods listed below, in thousands of US dollars:

	For the period of nine months ended on September 30, 2021	For the period of nine months ended on September 30, 2020	For the year ended December 31, 2020
Total Collections ⁵	11,409	8,183	11,043
Total direct expenses for advertising and marketing ⁶	7,399	3,861	5,309

² To the best of the Company’s knowledge, as of the Reporting Date, there has been no material change regarding the distribution of subscribers according to the subscriber’s seniority (in years) as specified in section 2 of the Semi-Annual Report for 2021.

³ **Unaudited and not reviewed.** For further details on the non-GAAP data – see as detailed in section 7.3 of the Annual Report for 2020 and in sections 9 (a)–(c) of the Semi-Annual Report for 2021.

⁴ The financial scope of the total Collections/subscriptions purchases in the Company’s applications for a given period includes all the Collections made by paying subscribers in that period. For the avoidance of doubt, it is clarified that this is the total number of Collections / purchases of subscribers, as was provided to the Company by the Apple and Google App Stores (before costs) and after conversion from local currencies to US dollars (“**total Collections**”).

⁵ The amounts for the periods of three and nine months ended on September 30, 2021 include receipts that will be transferred from the app stores to the Company in respect of Collections made in the Company’s applications during the month of September 2021.

⁶ Direct expenses for advertising and marketing include the advertising and marketing expenses on the marketing platforms.

	For the period of three months ended on September 30, 2021	For the period of three months ended on September 30, 2020	For the year ended December 31, 2020
Total Collections	3,672	3,047	11,043
Total direct expenses for advertising and marketing	2,436	1,367	5,309

The direct expenses for advertising and marketing are recorded in the Company's books at the time they are created. According to the Company's estimation, these expenses may result in additional Collections in the future as well.

The Company's forecasts, estimates, and assumptions as set forth above are **forward-looking information within the** as defined in the Securities Law 1968, based on the Company's assessments of developments and events whose occurrence, if any, is uncertain and beyond the Company's control, including, acquisition or renewal of subscriptions for the Company's applications by new end users or paying subscribers. These assessments may not materialize, in whole or in part, or materialize differently and possibly substantially differently than estimated, as a result of various factors beyond the Company's control, including the realization of the risk factors mentioned in Part A of the Annual Report for 2020 and the Semi-Annual Report for 2021.

3. **Photos backed up using the Company's apps** – Below are details on the photos backed up using the Company's apps on the Amazon cloud for the dates listed below:

	As at September 30, 2021	As at September 30, 2020	As at December 31, 2020
Photos backed up using Company's apps	Approx. 286 million	Approx. 203 million	Approx. 221 million

4. **Total downloads and MAU (Monthly Active Users) index** – Below are details regarding the total downloads of the Company's applications and MAU data for the dates listed below:

	As at September 30, 2021	As at September 30, 2020	As at December 31, 2020
Total downloads⁷	Approx. 27.8 million	Approx. 17.9 million	Approx. 19.9 million
MAU (Monthly Active Users) ⁸	Approx. 1.45 million	Approx. 1.06 million	Approx. 1.1 million

5. **The launch of a version that includes the option to animate photos and a new application** –

In September 2021, the Company launched a new and advanced version of the Photo Scan application that includes the option of animating photos as part of a collaboration with D-ID (D-Identification Ltd.), which has an international reputation in the said field (published on September 19, reference number: 2021-01-079699).

In August 2021, the Company launched a new application (Face/Face Photo Similarity App) that allows end-users to compare images of faces while assessing the degree of similarity (in %) between the various faces as stated. As of the Reporting Date, the app is available for download in the Apple App Store and is the Company's fifteenth (15) app.

⁷ The total cumulative downloads, after which the apps have been used at least once, according to the Company's database (based on the information provided to it from the App Stores).

⁸ Monthly Active Users – An application usage index that shows the number of active users in the application within a period of 30 days. To the best of the Company's knowledge, this metric helps app developers understand the extent and frequency of use of their products.

6. **Total Collections in the Company's main apps (Non-GAAP) -**

The total Collections in the main applications out of the total Collections of the Company (in %) (not reviewed and unaudited)			
Application (*)	For the period of nine months ended on September 30, 2021	For the period of nine months ended on September 30, 2020	For the year ended December 31, 2020
Photo Scan (iOS)	48.0%	56.7%	55.1%
Photo Scanner Plus (iOS)	9.0%	17.2%	15.8%
FilmBox (iOS)	11.3%	6.6%	8.4%
SlideScan (iOS)	13.1%	8.9%	10.1%
Total Collections (in thousands of US dollars)	11,409	8,183	11,043

* In addition to the applications listed above, at the Reporting Date the Photo Scan (Android) application accounted for approximately 6.6% of the total Collections.