MONTHLY REPORT

8/2015

Note: This Report is classified and isn't transferable.

Contents

In August Reporty team was mainly focused on the following:

1. DEVELOPMENT:
    1. Voice center integration
    2. App development
    3. H264 H.W accelerated encoding
    4. Video streaming from Mobile client to server above RTP/RTSP
    5. FDX service – full duplex server to client communication: supports chat and notification capabilities.

    For a full detailed technology summary please see **page 5.**

2. PATENT APPLICATION:

    We received the final **provisional** version and we are reviewing it, we will probably apply at the end of September.

3. BUSINESS DEVELOPMENT:

    FIRE DEPARTMENT:

    We sent the fire department an offer, they told us that it is passed to the operational department. We offered them to divide Israel to 7 territories and to install in each one of them - Reporty system. Unlike 'MDA' they are working in non-centralized structure what makes the costs of Reporty system very high. A meeting with the operational officer was good and now they are considering were to install the system and how should they get the budget for it.

    MDA:

    We are continuing the process with 'MDA', we supplied them with a video capabilities and know they are presenting video in their command and control systems. In September 3rd we spouse to start the integration and tests between the

systems. Hopefully at September 9th we will make a "tour" to 'MDA' national command and control center with Ms. Junkermann to present the process in 'MDA' ,the way the decision maker receive the information in these days and the added value of Reporty systems (Hopefully we will be able to demonstrate something).

HFC (Home Front Command):

We met a few times with people from HFC, at our last meeting in the 'Kirya' we decided that the only "benefit" for now is to be connected to the "Red-alert" system which can give us many users in case of War and to branded us as the national ultimate personal security company.

Ben Gurion Airport:

We had a few very good meetings with the airport head of security. In our last meeting they came with the head of the airport's special unit which was very impressed, they are writing an operational requirements for the system to be checked. We will do a test in the air-port which is also a good marketing channel for tourists that are coming to Israel.

PARTNER:

We had few meeting with Partner's team leaders (Orange Israel), they were very impressed and they are considering how to corporate with us. We told them that if they want to sell us here in Israel we are requiring 3 things: 1) to be pre-installed in any new "partner" devices. 2) Get prioritization in case of network loading. 3) We want them to send an SMS to download Reporty to their 2.7M active users (in Israel). We are in a process with them.

LOCAL MUNICIPALETIES:

As we are getting closer to our launch – we are in advanced process with the following:

1. Ra'anana – Already bought the hardware for the pilot – next step is to meet with the technical team and to install the systems.
2. Modiin – We have a 3rd meeting with the City CEO – they approved the offer and they want to be part of the pilot.
3. Jerusalem – We had another meeting which was great – now they are getting approval from their legal department for the pilot.
4. Ashdod – We will get back to them after the pilot's with a working system
5. Netanya – received a premium offer (through afcon) we are waiting for their response.
6. Rishon Lezion - Received a premium offer, we are waiting for their response.
7. Haifa – we have a meeting with Haifa CEO – September 8th.

- We met many other authorities such as: Kiryat ono, Holon, Kfar Saba etc – with all of them we are in a process but as we agreed we will start with 1-2 strategic one's for Reporty and with the most fast reacting one's.

EYAL EIZENBERG:

We sent Mr. Eizenberg a service agreement, the agreement divided into 2 stages: 1) Mr. Eizenberg will act as our agent here in Israel and his goal is to **sell 3 system in 8 months**, for every sell Mr. Eizenberg will be entitled to 10% from the total revenues for 18 months. If he will stand in this goal he will be entitled to a place in our **advisory board** and as a compensation he will receive **877 option for 2 years** (Quarterly vesting plan). We are waiting for Mr. Eizenberg approval.

GLOBAL APPROCH:

1. Singapore: We are in close discussions with Zion regarding Singapore market. We will Probably be in Singapore after the holidays.

2. Africa: NICE approached us, they have a big client in Africa (4M people) that saw our system in **their brochure**. They are including us in the price offer for that client.

PROMOTIONAL MOVIE:

We are producing 2 promotional videos 1st - 3D (2min) that will be our promotional movie for trade shows/ competitions etc. The 2nd one is a cartoon movie, a simple movie that will explain the functionality of Reporty app.

WEB-SITE:

As we are getting closer to our launch we started working on our full website – the website will describe briefly who are we? What are the main challenges? What is Reporty? Present the team, the technology, etc.

4. NON-DILUTED FUNDS:

In august we worked closely with Sunrise in order to finish Reporty's application to the Israeli chief scientists. We applied on **august 31st** for **4.5M** NIS For the next year starts at august 1st 2015.

TECHNOLOGICAL

RECRUTING:

Since we are getting closer to our 0.7 release we will require automation developers. They will be in charge of the QA for the mobile application and the home systems (C2I and Operator). Besides the QA testing they will also develop unit-tests and module-tests for mobile application.

VOICECENTER INTEGRATION:

We have finished API Integration with Voicenter. We are currently receiving the events that allow us to couple between the audio stream and the data & video

streams at the operator station. Voicenter have deployed our SIP production environment – we will start the migration to it in September 1st.

H.264 H\W Accelerated encoding:

We have managed to stream H\W encoded H.264 stream with low latency to our streaming servers. The H\W acceleration gives us low battery and low CPU consumptions and also provides the low latency capability.

RTSP SINK:

We have implemented the RTSP Sink that enables RTSP Streaming. We have now the flexibility to stream to any RTSP server which will provide us with mass broadcasting capabilities and quick integration to authorities and third party companies. With the RTSP capability we can now stream live video content to hundreds of subscribers may them be mobile, web or desktop clients (users, hospitals, first responders tablets, etc.).

FDX Service:

We have completed developing the FDX Service. It is a web sockets based service which gives us full duplex low latency message delivery from clients to server and vice versa. It will provide the infrastructure for the chat features – Operator chat and Reporteam chat.
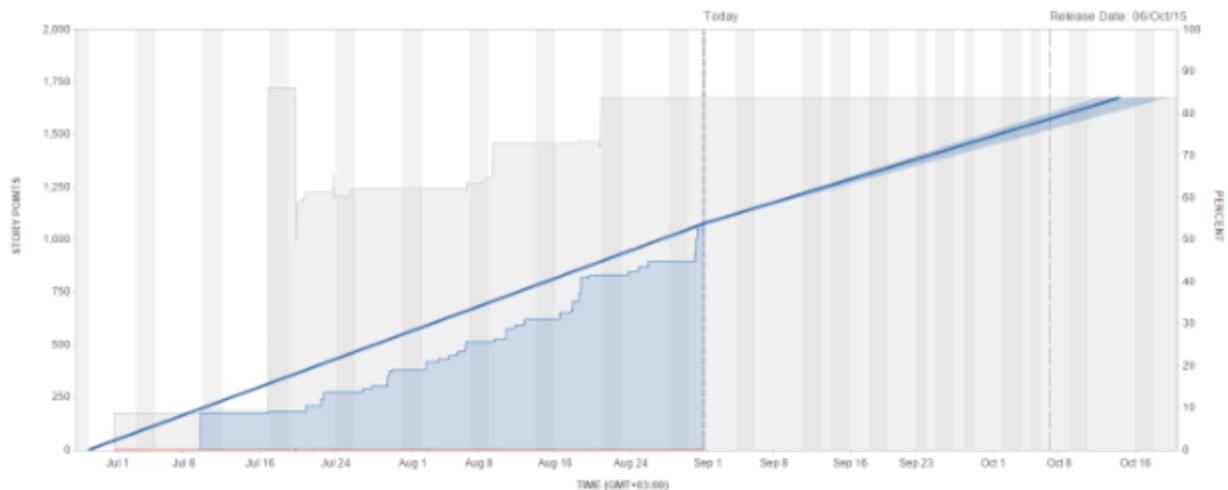
APPLICATIONS DEVELOPMENT:

We have finished Sprint 7 and Sprint 8. Sprints retrospectives are attached to this document. The main features deployed and presented in those sprints are finishing of login and registration features and the start emergency and non-emergency Report flow. Also the chat capability in iOS was deployed in Sprint 8.

VERSION REPORT

Attached is the version report for the 0.7 release (zoom in for detailed view)

Planned release date: 06.10.15

Predicted release date: 14.10.15

Predicted pessimistic (10% error) release date: 19.10.15

The version report predicts statistically our future release date according to our previous velocity from to the last sprints and by the amount of user stories that are planned for the current version.

NEXT MONTH:

- Switch to the production SIP environment.
- Complete Sprint 9.
- Complete Sprint 10.
- Complete developing the first version of the adaptive video streaming algorithm.
- Complete the chat features in Android and Operator.
- Complete developing the first version of the Call Router.

FINANCIAL HIGHLIGHTS

Bank balance (30/8/2015): 1,872,408 Nis + 237,450$ (Before VAT returns).

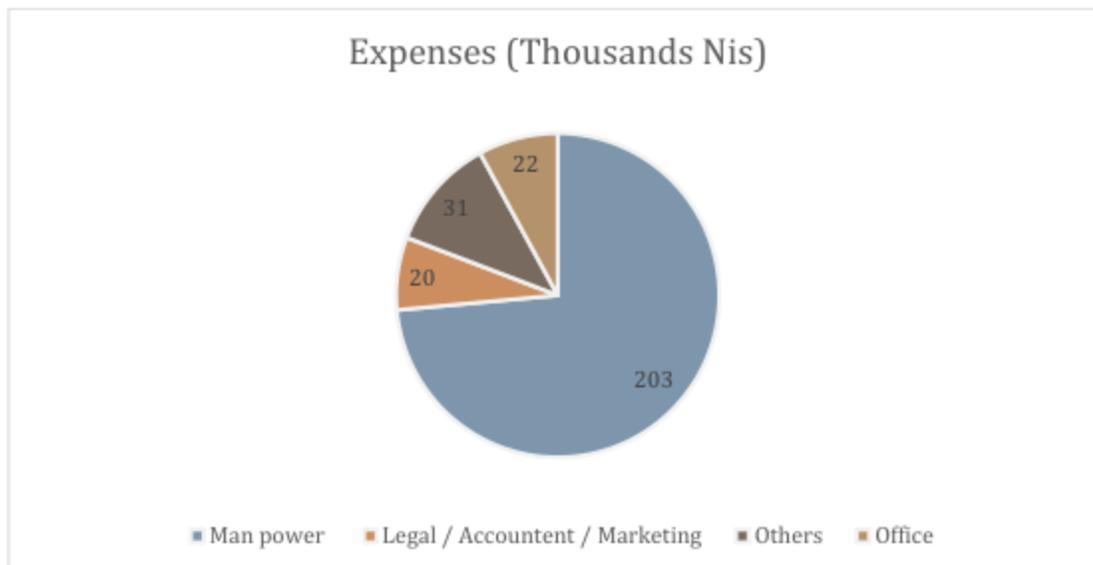**Burn rate: 287,212 Nis** (Including Vat)

Expected burn rate for next month: ~ 275,000 Nis

Human resource: 9 People

5 Developer (According to the plan), **2 Designer** (We recruit another designer – Student job position), **business development**, **CEO**

Expected human resource (After the holidays): 11 People - after the holidays we will hire another 2 QA's.

Expenses (Thousands Nis)

■ Man power   ■ Legal / Accountent / Marketing   ■ Others   ■ Office

SUMMARY:

In the next month Reporty team will be focused on:

1) Business: Continue the corporation with the municipalities in order to close at least 1 medium city for the pilot (Not including MDA & Fire department).

2) Development: Continue according to the sprint planning – finish sprint 9-10. Continue the integration with MDA.

3) Recruiting: We will hire 2 QA's – one for android and one for IOS.

4) Financial: Expected burn rate in July ~ **275,000 Nis** (Under our expected burn rate).

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