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COLLPLANT HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

	December 31	September 30	Convenience translation into USD (note 1b) September 30,
	2016	2017	2017
	NIS in thousands		In thousands
Assets			
Current assets:			
Cash and cash equivalents	3,797	8,212	2,327
Accounts receivables:			
Trade receivables	217	205	58
Other	3,568	1,379	391
Inventory	487	550	156
	<u>8,069</u>	<u>10,346</u>	<u>2,932</u>
Non-current assets:			
Restricted deposit	557	512	145
Long-term receivables	168	102	29
Property and equipment	4,008	3,358	952
Intangible assets	1,631	1,495	424
	<u>6,364</u>	<u>5,467</u>	<u>1,550</u>
TOTAL ASSETS	<u>14,433</u>	<u>15,813</u>	<u>4,482</u>
Liabilities and equity			
Current liabilities -			
Accounts payable:			
Trade payables	5,189	2,254	639
Accrued liabilities and other	1,617	1,977	560
Receipts on account of securities, see note 6a		7,058	2,000
	<u>6,806</u>	<u>11,289</u>	<u>3,199</u>
Non-current liabilities			
Royalties to the Israel Innovation Authority	2,181	2,298	651
Long-term payables	286	120	34
	<u>2,467</u>	<u>2,418</u>	<u>685</u>
Total liabilities	<u>9,273</u>	<u>13,707</u>	<u>3,884</u>
Equity:			
Ordinary shares	3,207	4,144	1,174
Additional paid in capital and warrants	159,864	169,333	47,984
Accumulated deficit	(157,911)	(171,371)	(48,560)
TOTAL EQUITY	<u>5,160</u>	<u>2,106</u>	<u>598</u>
TOTAL LIABILITIES AND EQUITY	<u>14,433</u>	<u>15,813</u>	<u>4,482</u>

The accompanying notes are an integral part of of these condensed consolidated interim financial statements.

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COLLPLANT HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

	Nine months ended September 30		Three months ended September 30		Convenience translation into USD (note 1b)	
	2016	2017	2016	2017	Nine months ended September 30, 2017	Three months ended September 30, 2017
	NIS in thousands				In thousands	
REVENUE	92	716	92	263	203	75
RESEARCH AND DEVELOPMENT EXPENSES:						
Research and development expenses	23,201	12,798	7,309	3,687	3,626	1,045
Participation in research and development expenses	(8,519)	(1,711)	(2,275)	(940)	(484)	(266)
RESEARCH AND DEVELOPMENT EXPENSES, net	14,682	11,087	5,034	2,747	3,142	779
GENERAL, ADMINISTRATIVE AND MARKETING EXPENSES	6,007	4,190	1,805	1,260	1,186	357
OPERATING LOSS	20,597	14,561	6,747	3,744	4,125	1,061
FINANCIAL INCOME	(43)		(4)			
FINANCIAL EXPENSES	292	407	88	187	115	53
FINANCIAL EXPENSES, net	249	407	84	187	115	53
COMPREHENSIVE LOSS	20,846	14,968	6,831	3,931	4,240	1,114
BASIC AND DILUTED LOSS PER ORDINARY SHARE (NIS/USD)	0.21	0.12	0.06	0.03	0.03	0.01
Weighted average ordinary shares outstanding	98,779,989	129,182,765	106,621,797	138,336,328		

The accompanying notes are an integral part of of these condensed consolidated interim financial statements.

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COLLPLANT HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)

	Ordinary shares	Additional paid-in capital and warrants	Proceeds on account of shares yet to be issued NIS in thousands	Accumulated deficit	Total equity
BALANCE AS AT JANUARY 1, 2016	2,665	140,704		(133,590)	9,779
CHANGES IN THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2016:					
Comprehensive loss for the period				(20,846)	(20,846)
Share-based compensation to employees and consultants				2,894	2,894
Proceeds from issue of shares and warrants, net of issue expenses of NIS 1,327 thousand	510	17,995			18,505
Proceeds on account of shares yet to be issued			1,197		1,197
BALANCE AS AT SEPTEMBER 30, 2016	<u>3,175</u>	<u>158,699</u>	<u>1,197</u>	<u>(151,542)</u>	<u>11,529</u>
BALANCE AS AT JANUARY 1, 2017	3,207	159,864		(157,911)	5,160
CHANGES IN THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017:					
Comprehensive loss for the period				(14,968)	(14,968)
Share-based compensation to employees and consultants				1,508	1,508
Proceeds from issue of shares and warrants, net of issue expenses of NIS 404 thousand Exercise of warrants into shares	635 302	6,153 3,316			6,788 3,618
BALANCE AS AT SEPTEMBER 30, 2017	<u>4,144</u>	<u>169,333</u>	<u>-,-</u>	<u>(171,371)</u>	<u>2,106</u>

	Ordinary shares	Additional paid in capital and warrants	Proceeds on account of shares yet to be issued	Accumulated deficit	Total equity
Convenience translation into USD in thousands (note 1b)					
BALANCE AS AT JANUARY 1, 2017	909	45,300		(44,747)	1,462
CHANGES IN THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2017:					
Comprehensive loss for the period				(4,240)	(4,240)
Share-based compensation to employees and consultants				427	427
Proceeds from issue of shares and warrants, net of issue expenses of \$114 thousand	180	1,744			1,924
Exercise of warrants into shares	85	940			1,025
BALANCE AS AT SEPTEMBER 30, 2017	<u>1,174</u>	<u>47,984</u>	<u>-,-</u>	<u>(48,560)</u>	<u>598</u>

The accompanying notes are an integral part of of these condensed consolidated interim financial statements.

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COLLPLANT HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (Continued)
(UNAUDITED)

	<u>Ordinary shares</u>	<u>Additional paid-in capital and warrants</u>	<u>Proceeds on account of shares yet to be issued</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
			NIS in thousands		
BALANCE AS AT JULY 1, 2016	3,175	158,699		(145,493)	16,381
CHANGES IN THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2016:					
Comprehensive loss for the period				(6,831)	(6,831)
Share-based compensation to employees and consultants				782	782
Proceeds on account of shares yet to be issued			<u>1,197</u>		<u>1,197</u>
BALANCE AS AT SEPTEMBER 30, 2016	<u>3,175</u>	<u>158,699</u>	<u>1,197</u>	<u>(151,542)</u>	<u>11,529</u>
BALANCE AS AT JULY 1, 2017	4,144	169,333		(167,892)	5,585
CHANGES IN THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2017:					
Comprehensive loss for the period				(3,931)	(3,931)
Share-based compensation to employees and consultants				452	452
BALANCE AS AT SEPTEMBER 30, 2017	<u>4,144</u>	<u>169,333</u>	<u>-,-</u>	<u>(171,371)</u>	<u>2,106</u>
	<u>Ordinary shares</u>	<u>Additional paid in capital and warrants</u>	<u>Proceeds on account of shares yet to be issued</u>	<u>Accumulated deficit</u>	<u>Total equity</u>
	Convenience translation into USD in thousands (note 1b)				
BALANCE AS AT JULY 1, 2017	1,174	47,984		(47,576)	1,582
CHANGES IN THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2017:					
Comprehensive loss for the period				(1,114)	(1,114)
Share-based compensation to employees and consultants				130	130
BALANCE AS AT SEPTEMBER 30, 2017	<u>1,174</u>	<u>47,984</u>	<u>-,-</u>	<u>(48,560)</u>	<u>598</u>

The accompanying notes are an integral part of of these condensed consolidated interim financial statements.

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COLLPLANT HOLDINGS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine months ended September 30		Three months ended September 30		Convenience translation into USD (note 1b)	
					Nine months ended September 30,	Three months ended September 30,
	2016	2017	2016	2017	2017	2017
	NIS in thousands				In thousands	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Loss for the period	(20,846)	(14,968)	(6,831)	(3,931)	(4,240)	(1,114)
Required adjustments for cash flow from operating activities (see appendix A)	5,770	2,214	4,090	593	626	173
Net cash used in operating activities	<u>(15,076)</u>	<u>(12,754)</u>	<u>(2,741)</u>	<u>(3,338)</u>	<u>(3,614)</u>	<u>(941)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Purchase of property and equipment	(571)	(56)	(344)	(11)	(16)	(3)
Net cash used in investing activities	<u>(571)</u>	<u>(56)</u>	<u>(344)</u>	<u>(11)</u>	<u>(16)</u>	<u>(3)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from issue of shares and warrants, net of issue expenses	18,505	6,788			1,924	
Receipt on account of securities		7,058		7,058	2,000	2,000
Exercise of warrants into shares		3,618			1,025	
Payments made for equipment on financing terms		(190)		(63)	(54)	(18)
Net cash provided by financing activities	<u>18,505</u>	<u>17,274</u>	<u>-,-</u>	<u>6,995</u>	<u>4,895</u>	<u>1,982</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,858	4,464	(3,085)	3,646	1,265	1,038
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5,317	3,797	11,118	4,540	1,076	1,282
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	(206)	(49)	(64)	26	(14)	7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>7,969</u>	<u>8,212</u>	<u>7,969</u>	<u>8,212</u>	<u>2,327</u>	<u>2,327</u>
APPENDIX A TO THE STATEMENTS OF CASH FLOW:						
Adjustments for:						
Depreciation and amortization	727	842	202	241	239	68
Share-based compensation to employees and consultants	2,894	1,508	782	452	427	128
Exchange differences on restricted deposit	20	45	13	(5)	13	(1)
Exchange differences on cash and cash equivalents	206	49	64	(26)	14	(7)
	<u>3,847</u>	<u>2,444</u>	<u>1,061</u>	<u>662</u>	<u>693</u>	<u>188</u>
Changes in operating asset and liabilities items:						
Decrease (increase) in trade receivables	(31)	12	(11)	(15)	3	(4)
Decrease (increase) in other receivables (including long-term receivables)	(309)	2,255	1,569	(475)	638	(131)
Decrease (Increase) in trade payables (including long-term payables)	310	(2,911)	436	87	(825)	25
Increase (Decrease) in accrued liabilities and other payables	376	360	(221)	191	102	54
Increase in inventory	(487)	(63)	(209)		(18)	
Increase in royalties to the IIA	2,064	117	1,465	143	33	41
	<u>1,923</u>	<u>(230)</u>	<u>3,029</u>	<u>(69)</u>	<u>(67)</u>	<u>(15)</u>
Total adjustment for cash used in operations	<u>5,770</u>	<u>2,214</u>	<u>4,090</u>	<u>593</u>	<u>626</u>	<u>173</u>

The accompanying notes are an integral part of of these condensed consolidated interim financial statements.

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COLLPLANT HOLDINGS LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

Note 1—General:

- a. CollPlant Holdings Ltd. is a regenerative medicine company focused on developing and commercializing tissue repair products, initially for three-dimensional bio-printing of tissues and organs, orthobiologics, and advanced wound care markets. Collplant's products are based on its rhCollagen, a form of human collagen produced with CollPlant's proprietary plant-based genetic engineering technology. Two of the Company's products received during 2016 a CE approval that enables their marketing in Europe. The Company commenced marketing of the said products.

The Company operates through CollPlant Ltd., a wholly-owned subsidiary (CollPlant Holdings Limited and CollPlant Ltd. will be referred to hereinafter as "the Company" and "CollPlant", respectively).

The Company's plans for the coming year include continue focusing on orthopedics, 3D bio-printing of tissues and organs and advanced wound healing. The plan includes the following: (i) expanding the 3D bio-printing presence and pursuing joint ventures to position CollPlant's bioink as a key component in the field of 3D bioprinting. (ii) increasing the sales in Europe of VergenixFG, a product for the treatment of chronic and surgical wounds, and (iii) increasing the sales of VergenixSTR, a product for the treatment of tendinopathy, under an exclusive distribution agreement with Arthrex for its distribution in Europe, the Middle-East, India and certain African countries.

The Company plans to continue research and development, production and marketing in the coming year, supported by funding sources that include the Company's cash balances, the Israel Innovation Authority ("IIA") grants and funds from securities purchase agreements signed on September 6, 2017 with Alpha Capital Anstalt ("Alpha"), and on November 8 and 9, 2017 with Meitav Dash Provident and Pension Ltd. ("Meitav Dash") and Ami Sagi, respectively, in the total amount of \$7.4 million (see notes 6b, 7b and 7c).

Based on its current cash resources and commitments, the Company believes it will be able to maintain its current planned development, manufacturing and marketing activities and the corresponding level of expenditures for at least the next 12 months, although no assurance can be given that it will not need additional funds prior to such time. However, if there are unexpected increases in sales general and administrative expenses or research and development expenses, the Company may need to seek additional financing.

- b. **Convenience translation into U.S. dollars ("dollars", "USD" or "\$")**

For the convenience of the reader, the reported New Israeli Shekel ("NIS") amounts as of September 30, 2017 and for the nine and three months ended September 30, 2017 have been translated into dollars, at the representative rate of exchange on September 30, 2017 (USD 1 = NIS 3.529). The dollar amounts presented in these condensed consolidated interim financial statements should not be construed as representing amounts that are receivable or payable in dollars or convertible into dollars, unless otherwise indicated.

- c. **Approval of financial statements**

These condensed financial statements were approved by the board of directors on November 20, 2017.

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COLLPLANT HOLDINGS LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

NOTE 2—BASIS OF PRESENTATION:

a. General

The Company's condensed consolidated interim financial information as at September 30, 2017 and for the nine and three months ended September 30, 2017 ("the Interim Financial Information") was prepared in accordance with IAS 34—Interim Financial Reporting ("IAS 34"). The Interim Financial Information does not include all the information and disclosures required for annual financial statements. The Interim Financial Information should be read together with the annual financial statements for 2016 and their accompanying notes, which comply with International Financial Reporting Standards ("IFRS"), the standards and interpretations issued by the International Accounting Standards Board ("IASB").

b. Estimates

Preparation of interim financial statements requires the Company's management to exercise judgment and requires the use of accounting estimates and assumptions that affect the application of the Company's accounting policies and the amounts of the reported assets, liabilities, income and expenses. Actual results may differ from these estimates.

When preparing this Interim Financial Information, significant judgments used by the management when applying the Company's accounting policies and the uncertainty in the principal assumptions underlying the estimates were identical to those in the Company's annual financial statements for the year ended December 31, 2016.

NOTE 3—SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and calculation methods applied when preparing the Interim Financial Information are consistent with those used when preparing the Company's annual financial statements for 2016.

New standards that are not yet effective and which the Company did not choose to adopt ahead of their effective date are described in the Company's annual financial statements for 2016.

Since the issuance of the Company's annual financial statements for 2016, no new standards or amendments to existing standards were issued that might have a material influence on the Company's financial statements.

NOTE 4—EQUITY:

- a.** On February 12, 2017, the Company completed a capital raise of NIS 7.2 million in gross proceeds to institutional investors and to the public (the issuance expenses amounted to NIS 404 thousand). In consideration, the Company issued 21,152,000 ordinary shares and 10,576,000 Series L warrants exercisable into 10,576,000 ordinary shares of the Company at an exercise price of NIS 0.36 per warrant, exercisable until June 13, 2017. In addition, under the terms of the broker agreement, the Company issued to the broker, 941,400 Series L warrants exercisable into 941,400 ordinary shares at an exercise price of NIS 0.36 per warrant.
- b.** During the second quarter of 2017, 10,055,464 Series L warrants were exercised into 10,055,464 ordinary shares at an exercise price of NIS 0.36 for each warrant. The total consideration

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COLLPLANT HOLDINGS LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

NOTE 4—EQUITY: (Continued)

amounted to NIS 3,618 thousand. 1,461,936 Series L warrants that were not exercised expired on June 14, 2017.

- c. On August 22 2017, the general meeting of shareholders approved the grant of 486,000 options to one director, exercisable into 486,000 shares in two tranches. 221,000 options were granted without an exercise price and vested immediately on the grant date. The fair value of each option is NIS 0.29 and is equal to the share price at the date of grant. The remaining 265,000 options are exercisable at an exercise price of NIS 0.33 per option. The options will vest over four years in which one quarter will vest one year after the grant date and the remaining balance will vest in equal parts at the end of each subsequent quarter. The fair value of each option, at the grant date, calculated according to the Black and Scholes formula, amounted to NIS 0.13. This value is based on the following assumptions: expected dividend at a rate of 0%, expected volatility at a rate of 60.53%, risk-free interest rate of 2%, and 4 years' expected term. The fair value of the grant as calculated on the date of the shareholders' approval is NIS 99 thousand.

NOTE 5—CONTINGENT LIABILITY

On September 6, 2017, the Company received a VAT assessment from the Israel Tax Authority according to which the Company is required to pay tax in the amount of NIS 1.5 million (including linkage differentials and interest) for the years 2012-2016.

The Company disputes the position of the Israel Tax Authority and intends to appeal the entire assessment, in view of its position that it is not liable for the additional tax requirement. The Company's position relies, among other things, on an agreement signed between the Company and the Israel Tax Authority in 2011, which allows the Company to deduct VAT as stated. It is management's view that its financial statements include an adequate provision in respect of the above.

NOTE 6—AGREEMENTS

- a. On September 6 2017, the Company signed a securities purchase agreement (the "Alpha Purchase Agreement") with Alpha, pursuant to which the Company agreed, upon the terms and subject to the conditions of the Alpha Purchase Agreement, to issue to Alpha, in a private placement, certain securities, in three tranches, as follows: (i) at the first closing, which was completed on October 26 2017, ordinary shares and a convertible, non-interest bearing debenture, that may be converted for a period of five years from issuance ("Debenture"), for a purchase price of \$2 million, (ii) at the second closing, which is subject, among other things, to approval of the private placement by the Company's shareholders, ordinary shares and/or a Debenture for a purchase price of \$2 million, and (iii) at the third closing, which is subject, among other things, to the listing of the Company's American Depositary Shares ("ADS") for trading on the NASDAQ and to the receipt of shareholder and option holder approval to adopt the provisions of Chapter E3 of the Israeli Securities Law of 1968 (which allows the Company to report in Israel in accordance with U.S. reporting requirements) ("Dual Reporting Approval"), ordinary shares and/or a Debenture for a purchase price of \$1 million, and a warrant to purchase 49,607,407 ordinary shares represented by 992,148 ADSs exercisable for a period of five years from the date of issuance at an exercise price

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COLLPLANT HOLDINGS LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

NOTE 6—AGREEMENTS (Continued)

of the US dollar equivalent of NIS 36.14379 per ADS (calculated in accordance with the known representative rate of exchange on the date of the notice of exercise).

In addition, to the above, under the terms of the Purchase Agreement, the Company agreed to issue to Alpha (in each of the first and second closings) ordinary shares and/or a Debenture equal to 3,458,408 ordinary shares.

On October 26 2017, upon the completion of the first closing, the Company issued to Alpha 7,280,000 ordinary shares. The shares issued represented 4.99% of the Company's issued and paid up share capital immediately following the issuance. In addition, the Company issued to Alpha a Debenture in the principal amount of \$1,375,144. The Debenture may be converted at any time at the option of the holder into ADSs at a conversion price of the US dollar equivalent of NIS 15.3897 (calculated in accordance with the rate of exchange of NIS 3.586 per US\$1.00) per ADS. In addition, the Debenture is mandatorily convertible at the then effective conversion price without regard to any beneficial ownership limitation if (i) the ADSs or the Company's ordinary shares are approved for listing on the NASDAQ stock market, and (ii) certain equity conditions are met, including, among other things, an effective registration covering a minimum number of ordinary shares held by the holder or that all the ordinary shares or ADSs held by the holder may be sold under Rule 144 under the Securities Act without volume or manner-of-sale restrictions or current public information requirements; provided that the holder may elect to convert the Debenture in whole or in part to a Pre-Funded Warrant to purchase such number of ADSs otherwise issuable upon mandatory conversion of the Debenture. As of September 30, 2017, the said proceeds are presented in "receipt on accounts of securities" in the statement of financial position.

Under the Alpha Purchase Agreement, Alpha was also granted certain rights, including, among other things, anti-dilution protection in the event of certain subsequent equity issuances at a price that is lower than the then applicable per ordinary share purchase price.

- b. On September 17, 2017, the Company announced that it received an initial order for its rhCollagen-based BioInk. The order, which amounts to \$67 thousand and expected to be supplied in Q4 2017, is from a leading biotechnology company with which CollPlant is in discussions for the possible co-development of 3D bio-printing of life-saving organs.

NOTE 7—SUBSEQUENT EVENTS

- a. On October 29, 2017, the Company received from the IIA approval for the Company's research and development plan for fiscal year 2017 in an amount of NIS 1.4 million.
- b. On November 8, 2017, the Company signed a securities purchase agreement (the "Meitav Purchase Agreement") with Meitav Dash, a company held by Meitav Dash Ltd., one of the Company's shareholders pursuant to which the Company agreed, upon the terms and subject to the conditions of the Meitav Purchase Agreement, to issue to Meitav Dash in a private placement certain securities in three tranches as follows: (i) at the first closing, 9,500,000 ordinary shares, for a purchase price of NIS 3.8 million, (ii) at the second closing, which is subject, among other things, to the execution of another new securities purchase agreement in amount of NIS 3.7 million (see securities purchase agreement with Ami Sagi—Note 7c), 2,400,000 ordinary shares for a purchase price of NIS 960 thousand provided that Meitav Dash shall not be obligated to buy or hold,

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COLLPLANT HOLDINGS LTD.
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)
(UNAUDITED)

NOTE 7—SUBSEQUENT EVENTS (Continued)

immediately following the second closing, 20% or more of the Company's share capital, and (iii) at the third closing, which is subject, among other things, to the listing of the Company's ADSs for trading on the NASDAQ and Dual Reporting Approval, for no additional consideration, warrants exercisable into 9,500,000 ordinary shares, and if the second closing has occurred, additional warrants exercisable into 2,400,000 ordinary shares.

The warrants may be exercised for a period of five years from issuance at an exercise price of the US dollar equivalent of NIS 40 per ADS (calculated in accordance with the known representative rate of exchange on the date of the notice of exercise).

Under the Meitav Purchase Agreement, Meitav Dash was also granted certain rights, including, among others, anti-dilution protection in the event of certain subsequent equity issuances at a price that is lower than the then applicable per ordinary share purchase price.

- c. On November 9, 2017, the Company signed a securities purchase agreement (the "Sagi Purchase Agreement") with Ami Sagi, one of the Company's shareholders, pursuant to which the Company agreed, upon the terms and subject to the conditions of the Sagi Purchase Agreement, to issue to Ami Sagi in a private placement certain securities in two tranches as follows: (i) at the first closing, 9,300,000 ordinary shares, for a purchase price of NIS 3.7 million, and (ii) at the second closing, which is subject, among other things, to the listing of the Company's ADSs for trading on the NASDAQ and to Dual Reporting Approval, for no additional consideration, the Company will issue warrants exercisable into 9,300,000 of its ordinary shares. The warrants may be exercised for a period of five years from issuance at an exercise price of the US dollar equivalent of NIS 40 per ADS (calculated in accordance with the known representative rate of exchange on the date of the notice of exercise).

Under the Sagi Purchase Agreement, Ami Sagi was also granted certain rights, including, among other things, anti-dilution protection in the event of certain subsequent equity issuances at a price that is lower than the then applicable per ordinary share purchase price.

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