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As confidentially submitted to the U.S. Securities and Exchange Commission on July 27, 2016.
This Amendment No. 3 to the draft registration statement has not been filed publicly with the Securities and Exchange Commission and all information contained herein remains confidential.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CollPlant Holdings Ltd.
(Exact name of registrant as specified in its charter)

State of Israel	**3842**	**Not applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

3 Sapir Street, Weizmann Science Park
Ness-Ziona 74140, Israel
Tel: +972 (0)73 2325600
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Puglisi & Associates
850 Library Avenue, Suite 204
Newark, Delaware
(302) 738-6680
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement is declared effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(2)(3)	Amount of registration fee(4)
Ordinary Shares, par value NIS 0.01 per share(1)	$	$

(1) The ordinary shares will be represented by American Depositary Shares ("ADSs"), which have been registered under a separate registration statement on Form F-6 and are issuable upon deposit of the ordinary shares registered hereby. Each ADS represents ordinary shares.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

(3) Includes ordinary shares that the underwriters have the option to purchase to cover over-allotments, if any.

(4) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission has declared this registration statement effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state or jurisdiction where such offer or sale is not permitted.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION DATED JULY 27, 2016

CollPlant Holdings Ltd.

AMERICAN DEPOSITARY SHARES
EACH REPRESENTING ORDINARY SHARES

This is our initial public offering in the United States. We are offering American Depositary Shares, or ADSs. Each ADS represents of our ordinary shares, par value NIS 0.01 per share.

We have applied to list the ADSs on the NASDAQ Capital Market, under the symbol "CLGN." Our ordinary shares currently trade on the Tel Aviv Stock Exchange, or TASE, under the symbol "CLPT," and the ADSs are currently quoted on the OTCQX marketplace, or OTCQX, under the symbol "CQPTY." On , 2016, the closing price of our ordinary shares on the TASE was NIS , or $ per share (based on the exchange rate reported by the Bank of Israel on such date), and the last reported bid price of the ADSs on OTCQX was $ per ADS. Assuming that the ADSs are listed for trading on the NASDAQ Capital Market, the quoting of the ADSs on OTCQX will be discontinued prior to the completion of this offering.

We are an emerging growth company, as defined in the U.S. Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and, as such, have elected to comply with certain reduced public company reporting requirements.

Investing in the ADSs involves a high degree of risk. See "Risk Factors" beginning on page 14 of this prospectus.

	Per ADS	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds to us (before expenses)	$	$

(1) See "Underwriting" beginning on page 176 for additional information regarding underwriting compensation.

The underwriters have an option to purchase up to additional ADSs from us at the initial public offering price, less the underwriting discounts and commissions payable by us, for 30 days after the date of this prospectus to cover over-allotments, if any.

None of the United States Securities and Exchange Commission, the Israel Securities Authority, or any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ADSs to the purchasers in this offering on or about , 2016.

Book-Running Manager

Ladenburg Thalmann

Co-Manager

Brean Capital

The date of this prospectus is , 2016.

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Until and including , 2016 (25 days after the date of this prospectus), all dealers that buy, sell, or trade the ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus and any related free-writing prospectus that we authorize to be distributed to you. We have not, and the underwriters have not, authorized any person to provide you with information different from that contained in this prospectus or any related free-writing prospectus that we authorize to be distributed to you. This prospectus is not an offer to sell, nor is it seeking an offer to buy, these securities in any state where the offer or sale is not permitted. The information in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies, regardless of the time of delivery of this

prospectus or of any sale of the securities offered hereby. Our business, financial condition, results of operations, and prospects may have changed since that date. Neither we nor the underwriters take any responsibility for, nor do we provide any assurance as to the reliability of, any information other than the information in this prospectus and any free writing prospectus prepared by us or on our behalf. Neither the delivery of this prospectus nor the sale of the ADSs means that information contained in this prospectus is correct after the date of this prospectus.

Market data and certain industry data and forecasts used throughout this prospectus were obtained from sources we believe to be reliable, including market research databases, publicly available information, reports of governmental agencies, and industry publications and surveys. We have relied on certain data from third-party sources, including internal surveys, industry forecasts, and market research, which we believe to be reliable based on our management's knowledge of the industry. While we are not aware of any misstatements regarding the industry data presented in this prospectus, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" and elsewhere in this prospectus.

Our financial statements are prepared and presented in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our historical results do not necessarily indicate our expected results for any future periods.

Certain figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Unless derived from our financial statements or otherwise noted, the terms "shekels," "Israeli shekels," and "NIS" refer to New Israeli Shekels, the lawful currency of the State of Israel, and the terms "dollar," "U.S. dollar," "US$," "USD," and "$" refer to U.S. dollars, the lawful currency of the United States.

We own various trademark registrations, trademark applications, unregistered trademarks, and trade names, including, among others: "collage" and "Vergenix." All other trademarks or trade names referred to in this prospectus are the property of their respective owners. Solely for convenience, trademarks and trade names in this prospectus may be referred to without the symbols ® and TM, but such references should not be construed as any indication that their respective owners will not assert, to the fullest extent under applicable law, their rights to those trademarks or trade names.

Notice to Prospective Investors in Israel

This document does not constitute a public offering or selling or a solicitation of an offer to sell any kind of securities under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israeli Securities Authority. Any public offering in Israel requires a pre-approved permit by the Israeli Securities Authority and/or the Tel Aviv Stock Exchange or an exemption thereof. In Israel, this prospectus is being distributed only to, and is directed only at the types of, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of a fund for joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account or for clients which are types of investor listed in the Addendum, or controlling shareholder, chief executive officer, or director of CollPlant, or, subject to Israeli Securities Authority's approval, an entity incorporated outside of Israel, venture capital funds, entities with equity in excess of NIS 50.0 million, and "qualified individuals," each as defined in the Addendum (as it may be amended from time to time) and each as assessed by the registrant, collectively referred to as qualified investors. Qualified investors may be required to submit written confirmation that they fall within the scope of the Addendum.

PROSPECTUS SUMMARY

This summary highlights selected information about us and the ADSs that we are offering. This summary does not contain all of the information you should consider before investing in the ADSs. Before making an investment in the ADSs, you should read the entire prospectus carefully for a more complete understanding of our business and this offering, including our consolidated financial statements and the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus. Unless the context requires otherwise, the terms "CollPlant," "we," "us," "our," "the Company," and similar designations refer to CollPlant Holdings Ltd. and its wholly owned subsidiary CollPlant Ltd. Unless derived from our financial statements or otherwise indicated, U.S. dollar translations of NIS amounts presented in this prospectus are translated using the rate of NIS 3.766 to one U.S. dollar, the exchange rate reported by the Bank of Israel for March 31, 2016.

Overview

We are a clinical-stage regenerative medicine company focused on developing and commercializing tissue repair products, initially for the orthobiologics and advanced wound care markets. Our product candidates are based on our rhCollagen, a form of human collagen produced with our proprietary plant-based genetic engineering technology. We believe our technology is the only commercially viable technology available for the production of genetically engineered, or recombinant, human collagen. We believe that our rhCollagen, which is identical to the type I collagen produced by the human body, has significant advantages compared to currently marketed tissue-derived collagens, including improved biofunctionality, superior homogeneity, and reduced risk of immune response. We believe the attributes of our rhCollagen make it suitable for numerous tissue repair applications in orthobiologics and advanced wound care throughout the human body. Orthobiologics use cell-based therapies and biomaterials to promote healing. Advanced wound care is composed of biocompatible products that are intended to actively promote wound healing by interacting either directly or indirectly with wound tissues. We believe that the annual market opportunity for our current product candidates utilizing our rhCollagen within the orthobiologics and advanced wound care markets exceeds $5 billion. We have not generated any material revenue from product sales to date. We have incurred losses in each year since our inception in 2004, and have an accumulated deficit of $37.1 million as of March 31, 2016. Our recurring net losses and negative cash flows from operations have raised substantial doubt about our ability to continue as a going concern, and as a result, our independent registered public accounting firm has noted this in the opinion they issued on our consolidated financial statements for the year ended December 31, 2015. We anticipate that we will continue to incur losses for the foreseeable future and we may never be profitable.

Our VergenixSTR product candidate is a soft tissue repair matrix which combines cross-linked rhCollagen with platelet-rich plasma, or PRP, and is intended to accelerate healing in the treatment of tendinopathy. We are completing an open label, single arm, multi-center clinical trial of VergenixSTR in Israel. In December 2015, we applied for CE marking, which is required for a product to be marketed in the European Union. We expect to receive CE marking in the third quarter of 2016; however, there is no assurance that our application for CE marking will be granted on a timely basis or at all.

Our VergenixFG product is a wound-filling flowable gel made from our rhCollagen intended to enhance the quality and speed of closure of deep surgical incisions and wounds, including diabetic ulcers, burns, bedsores, and other chronic wounds. We completed an open label, single arm, multi-center clinical trial of VergenixFG in Israel to support CE marking certification. In February 2016, we received CE marking certification for VergenixFG and in July 2016 supplied our first order in Europe. To bring our initial two product candidates to market, we intend to first commercialize the product candidates in Europe and expect to pursue U.S. Food and Drug Administration, or FDA,

approval, under the pre-market approval, or PMA regulatory pathway, for our rhCollagen-based products.

Our VergenixBVF pre-clinical product candidate is a product platform we are developing for bone repair indications such as spinal fusion and trauma. VergenixBVF is a novel resorbable scaffold composed of our rhCollagen and synthetic minerals, which can be charged with growth factors to accelerate bone formation and fusion, creating a stronger union. We are collaborating with a U.S.-based corporate collaborator in the development of VergenixBVF, with whom we are negotiating an agreement, pursuant to a non-binding term sheet entered into on July 9, 2015, for the further development and potential commercialization and supply of a surgical matrix that utilizes VergenixBVF intended for use in spinal fusion and trauma applications. Our product candidates are based on novel technology, making it difficult to predict the time and cost of product development and potential regulatory approval. We cannot guarantee when or if we will obtain regulatory approvals and be able to commercialize any of our product candidates.

Our rhCollagen has superior biological function when compared to any tissue-derived collagens, whether from animal or human tissues according to data published in peer-reviewed scientific publications. Our rhCollagen can be fabricated in different forms, shapes, and viscosities including gels, pastes, sponges, sheets, membranes, fibers, and thin coats, all of which have been tested *in vitro* and in animal models and proven superior to tissue-derived products. These different forms of our rhCollagen broaden the potential applications of our products. For example, collagen gels made of our rhCollagen are more homogenous and less viscous compared to tissue-derived collagens, making the rhCollagen gels ideal for any injectable product. We have demonstrated that, due to its homogeneity, rhCollagen can produce fibers and membranes with high molecular order, meaning all the molecules are oriented in the same direction, which enables the formation of tissue repair products with distinctive physical properties, including improved tensile strength due to the alignment of the collagen fibers, higher levels of transparency, and the ability to achieve high concentrations of collagen at low viscosities. The unique properties of our rhCollagen make it an ideal building block for many products such as BioInks for 3-D printing, artificial tendons, and transparent ophthalmic products that we believe cannot currently be produced using tissue-derived collagens.

The production of our rhCollagen begins when five human genes essential for the production of collagen are introduced into a tobacco plant. The genetically engineered tobacco plantlets are distributed to qualified greenhouses across Israel, where they are grown to maturity, which takes about eight weeks. The tobacco leaves are then harvested and processed to an extract, which undergoes purification until the final rhCollagen product is produced. Cost-effective production, the abundant supply of raw materials, and the resulting product, pristine human collagen, are the most important features of plant-based production. We are advancing a new production process that we believe will result in higher yields and labor cost reductions, assuring adequate supply as demand for rhCollagen increases.

Advantages of Our rhCollagen and rhCollagen-based Products

Collagen is the main component of connective tissue, comprising approximately 30% of the protein found in the human body. Type I collagen is the most abundant form of collagen and serves as the primary scaffold in tissue or organ repair processes, making it a logical choice for regenerative medicine products. We estimate the size of the total market for human collagen-based tissue repair products for use in orthobiologics and advanced wound care applications is approximately $20 billion. Currently, collagen for medical use is primarily derived from bovine (cow) and porcine (pig) sources, as well as from human cadavers. It is extracted from the tissues using mechanical processes and chemical treatments. All of our product candidates are based on our proprietary recombinant type I human

collagen, rhCollagen. Our rhCollagen has many advantages over tissue-derived collagens, as outlined below:

Tissue-Derived Collagens	rhCollagen
• Defects in the protein structure, resulting in significant damage to binding sites for progenitor cells, which are cells that, when activated by binding to the scaffold, proliferate, or multiply, and differentiate into appropriate tissue.	• A pristine triple helix structure identical to native collagen, resulting in optimal binding sites for progenitor cells supporting endothelial, fibroblast, and keratinocyte cell attachment and proliferation.

Advantage: In all cell types tested *in vitro*, cell proliferation was significantly better in scaffolds made of rhCollagen than in commercially available scaffolds made of bovine collagen. The accelerated cell proliferation achieved with rhCollagen results in faster wound healing, less scarring, and overall high-quality tissue regeneration.

• High proportions of cross-linked, or bonded, collagen molecules, leading to collagen building blocks with high and varying molecular weights, which can impair the collagen's ability to self-assemble homogenous scaffolds and impede its rate of degradation.	• Allows for the precise control over the degree of cross-linked collagen due to the homogeneity of rhCollagen, enabling consistent and reproducible products with a controlled degradation rate.

Advantage: Precise control over the proportion of cross-linked collagen allows us to optimize the degradation rate of rhCollagen to the targeted indication. Achieving the same level of engineered performance would be difficult, if not impossible, with tissue-derived collagens that varies from batch to batch.

• Tissue-derived collagens, in many cases, contain residual contaminant proteins, growth factors, and cytokines, or signaling proteins, and carries a risk of disease transmission. As a result, scaffolds made of tissue-derived collagens may provoke inflammation, as well as undesirable immune and foreign body responses that may cause adverse effects and unpredictable biological outcomes.	• Our rhCollagen is composed of pure molecules that are identical to type I human collagen. It has no residues of growth factors which can lead to potential side effects, does not induce an immune response, and carries no risk of transmitting diseases and pathogens.

Advantage: *In vitro* studies performed under an academic collaboration have demonstrated that rhCollagen incubated with activated THP1-macrophages produces significantly lower levels of inflammatory cytokines when compared with bovine collagen, demonstrating that animal-derived collagen can provoke a foreign body response not seen with rhCollagen. This foreign body response delays healing and increases scarring.

The advantages of our rhCollagen outlined above have been demonstrated through *in vitro* testing and in preclinical animal studies, and are based on the performance of rhCollagen alone. The performance demonstrated in these studies is not necessarily indicative of the performance of our product candidates which contain rhCollagen. We cannot assure you that the same advantages of rhCollagen will be observed in clinical testing of our product candidates containing rhCollagen.

Our Strategy

We plan to exploit the unique characteristics of our rhCollagen to develop and commercialize an extensive portfolio of regenerative medicine products. The key elements of our strategy include the following:

- **Position our rhCollagen as the "gold standard" platform technology for collagen-based products in a broad range of markets.** We believe that our rhCollagen represents a significant advance in collagen technology, demonstrated by its improved biological function, superior homogeneity, and reduced risk of immune response. We also believe that our platform technology, and the knowledge and expertise we have gained in its development, will enable the development, both independently and with collaborators, of differentiated products in emerging industries such as bio-printing which we believe cannot be adequately addressed with currently available collagen technologies.

- **Establish a regulatory process for rhCollagen-based end products using VergenixSTR and VergenixFG as precedent.** We are seeking to obtain marketing clearance of our initial product candidates, VergenixSTR and VergenixFG, through CE marking in Europe, and following adoption by key opinion leaders there, pursue FDA approval for marketing our rhCollagen-based products in the United States. We will need substantial additional capital in order to pursue FDA approval of any of our product candidates. We believe that this strategy will allow us to gain earlier market access and thereby more rapid industry acceptance for our rhCollagen-based end products, since the timeline to achieve CE marking is generally shorter than the FDA approval route. Utilizing this strategy is expected to result in more physicians gaining exposure to rhCollagen-based products like VergenixSTR and VergenixFG sooner.

- **Utilize collaborative partners and distributors to develop and commercialize our technology and products.** We believe the market-leading characteristics of our rhCollagen will create attractive collaboration opportunities for our product candidates. We intend to selectively establish collaborations and strategic partnerships with well-established companies whose distribution networks are deeply entrenched, as well as with local and regional distributors in certain markets.

- **Expand our manufacturing capacity to support commercialization of rhCollagen-based end products.** We intend to utilize a portion of the proceeds from this offering to construct a manufacturing facility in Israel that will enable us to manufacture commercial quantities of our rhCollagen and rhCollagen-based end products in a cost-competitive manner for application in both the premium and commodity markets.

- **Expand our pipeline through ongoing development of new products.** We plan to develop additional rhCollagen-based products, both independently and with strategic collaborators, initially in the orthobiologics and advanced wound care markets and subsequently in other high value markets.

- **Advance our leadership position in recombinant protein production through our plant-based technology.** As tissue engineering and regenerative medicine continue to evolve and expand, we expect that the demand for high-quality biomaterials will grow. In response to this demand, we may expand the use of our proprietary plant-based protein production know-how to other recombinant proteins.

Our Product Candidates

VergenixSTR—Tendinopathy Treatment

VergenixSTR is a soft tissue repair matrix composed of our rhCollagen and platelet-rich plasma, or PRP, extracted from a patient's blood. VergenixSTR is intended for the treatment of tendinopathy, such as in the elbow tendon (for treatment of "tennis elbow"), rotator cuff, patellar tendon, Achilles tendon, and hand tendons. VergenixSTR is injected into the affected area, and forms a viscous gel matrix which serves as a scaffold in the vicinity of a tendon injury site, inducing the platelet concentrate to remain in place at the injured area, enabling optimal healing. In a preclinical study of 54 rats based on an established model of tendinopathy induced in rats, VergenixSTR resulted in lower initial inflammatory mononuclear cell levels, which correlates with a reduction in pain. This effect, along with observations on the appearance of mature fibrosis and elimination of early granulated tissue, suggests that VergenixSTR may accelerate the healing of tendons in comparison with the control treatment of PRP alone.

We are completing an open label, single arm, multi-center clinical trial of VergenixSTR of 40 patients in Israel intended to demonstrate safety and to evaluate the performance of VergenixSTR in patients suffering from tennis elbow or *lateral epicondylitis*, an inflammation of the tendons that join the forearm muscles on the outside of the elbow. The trial, which commenced in January 2015, initially enrolled 20 patients and was expanded to enroll an additional 20 patients, all of whom have been treated. Patients enrolled in the trial received a one-time injection of VergenixSTR and are monitored for the level of pain, tendon healing, and recovery of hand movement at three and six months after treatment.

In February 2016, we announced final results with respect to the first 20 patients enrolled in the trial. Results of the trial indicated that VergenixSTR was found to be safe for use on human subjects. At the three-month and six-month follow ups, patients reported an average 55.8% and 58.1% reduction in pain and improvement in motion, respectively, as measured by the Patient-Rated Tennis Elbow Evaluation, or PRTEE, questionnaire. The PRTEE questionnaire is designed to measure reduction in pain and recovery of motion for patients with tennis elbow. Furthermore, at three and six months, 80% and 90%, respectively, of patients treated with VergenixSTR showed at least a 25% reduction in pain and improvement in motion as measured by PRTEE. In contrast, a study of standard-of-care tennis elbow therapies published in 2010 in the American Journal of Sports Medicine reported that, at three and six months 67% and 68%, respectively, of PRP patients and 48% and 36%, respectively, of steroid patients showed at least a 25% reduction in pain and improvement in motion as measured by PRTEE.

In December 2015, we applied for CE marking following interim results from the first 23 patients enrolled in the trial. We expect to receive CE marking and announce results from the second 20 patients in the third quarter of 2016. The data from the second 20 patients is intended to support future sales efforts. After receiving CE marking in Europe and commencing sales in Europe, we intend to obtain FDA approval for VergenixSTR in the United States under the PMA regulatory approval pathway; however, there is no assurance that our application for CE marking will be granted on a timely basis or at all.

VergenixFG—Wound Filler

VergenixFG is an advanced wound care product candidate intended for the treatment of deep surgical incisions and wounds, including diabetic ulcers, burns, bedsores, and other chronic wounds that are difficult to heal. The VergenixFG formulation provides a scaffold of pure human collagen that fills the wound bed and is engineered to create maximal contact with the surrounding tissue, which is believed to enhance healing. In a cutaneous full-thickness wound pig model, 95% wound closure was observed with VergenixFG at day 21 compared to 68% closure in wounds treated with the benchmark

product. The researchers concluded that VergenixFG is effective in animal wound models, and it is expected to be capable of reducing the healing time of human wounds.

We have completed an open label, single arm, multi-center clinical trial of VergenixFG of 20 patients in Israel intended to demonstrate safety and to evaluate the performance of VergenixFG in patients with hard-to-heal chronic wounds of the lower limbs. Patients enrolled in the trial received a single treatment of VergenixFG followed by a four-week follow up. Product performance was examined according to several measures, the main one being the percentage of wound closure achieved.

In November 2015, we announced final results of the trial, which indicated that VergenixFG is safe for use on human subjects. An analysis of the final results found average wound closure rates of 80% within four weeks of treatment, with 9 of the 20 patients treated (45%) achieving full wound closure in that time period. In contrast, according to a scientific study published in 2014 in the International Wound Journal treatment with the current standard-of-care resulted in complete wound closure after 12 weeks of treatment in just 24% of patients for wounds comparable in their severity to the wounds treated in our VergenixFG trial.

In February 2016, we received CE marking certification for VergenixFG and in June 2016 entered into our first distribution agreement with an Italian company to distribute VergenixFG in Italy. In July 2016, we supplied our first order. We intend to enter into additional distribution agreements in Europe and following adoption by key opinion leaders there and intend to pursue regulatory approval for VergenixFG in the United States under the PMA regulatory pathway.

VergenixBVF—Bone Healing Implant

VergenixBVF is a novel resorbable scaffold composed of our rhCollagen and synthetic minerals that mimics bone structure intended for use in posterolateral spinal fusion and trauma and other orthopedic applications. We intend to develop VergenixBVF as a product platform for the development of bone void filler products which can be used as a one-time treatment that can be charged with a growth factor to stimulate bone and tissue growth in a controlled manner.

In the initial VergenixBVF product candidate, which is in preclinical development with a U.S.-based corporate collaborator, with whom we have signed a non-binding term sheet for the further development and potential commercialization and supply of a surgical matrix that utilizes VergenixBVF, the scaffold is intended to act as a carrier to enable sustained release of a recombinant bone growth protein to induce cell infiltration and proliferation. VergenixBVF combined with a growth factor was tested in different animal models to verify its performance in bone healing. In these studies, the product candidate showed more rapid bone growth when compared with currently marketed products, an advantage we believe will be translated to human bone repair.

Future Product Candidates

We have several additional projects which are in different stages of development. We currently have in-house research and development projects related to the use of VergenixSTR for tendon rupture and the use of VergenixFG for surgical wounds, and are actively seeking collaborators in these indications. We are also developing BioInks consisting of our rhCollagen suitable for 3-D printing. Our researchers have chemically modified the gelling behavior of the collagen to adapt the biological molecules for application in printing. In addition, we are researching the production of other extracellular proteins through our plant-based production system.

Our Market Opportunity

We are initially focused on the orthobiologics and advanced wound care markets. In 2014, GlobalData estimated that the major segments of the orthobiologics market, including bone allograft,

bone graft substitutes, and viscosupplementation, comprised an annual $6.7 billion worldwide market. The overall increase in prevalence of musculoskeletal disorders combined with technological advancements in the orthobiologics field are fueling the growth of this market, resulting in a compound annual growth rate, or CAGR, of 7.7% in the North American market from 2014 to 2019, as predicted by MicroMarket Monitor. The advanced wound care market, which includes device-based wound care, moist wound care products, and biologics, was estimated by Espicom to be $6.2 billion in 2013, representing a growth rate of approximately 5% since 2012.

We believe that the market opportunity for our current product candidates utilizing our rhCollagen platform technology exceeds $5 billion. VergenixSTR is an orthobiologic addressing indications within the soft tissue repair market. There are over 4.4 million procedures for the treatment of tendinopathy per year in the United States alone. We estimate the size of the target market for VergenixSTR for treating tendinopathy is three million procedures per year, or approximately $2.0 billion.

VergenixBVF is an orthobiologic which addresses indications within the bone repair market. According to GlobalData, a total of 1.8 million bone-grafting procedures were performed in 2013 worldwide. We estimate the size of the target market for the initial VergenixBVF product candidate at one million procedures per year, representing a market size of approximately $3.5 billion.

VergenixFG addresses indications within the advanced wound care market, and is intended for the treatment of deep surgical wounds and chronic wounds. The National Center for Health Statistics reported a total of 51.4 million inpatient surgical procedures took place in the United States in 2010, and we believe at least half of those resulted in a major surgical wound that could benefit from an advanced wound closure product such as VergenixFG to facilitate healing. In 2013, Medscape reported that chronic wounds affect 5.7 million patients annually in the United States alone. We estimate the size of the target market for VergenixFG in diabetic foot ulcers to be 300,000 patients and $500 million annually. Diabetic foot ulcers represent about one quarter of the total chronic wound market, indicating that our initial target market is several magnitudes greater than this market alone.

Risk Factors

Our business is subject to numerous risks, as more fully described in the section titled "Risk Factors" immediately following this prospectus summary. You should read and carefully consider these risks and all of the other information in this prospectus, including the financial statements and the related notes included elsewhere in this prospectus, before deciding whether to invest in the ADSs. In particular, such risks include, but are not limited to, the following:

- We are a clinical-stage regenerative medicine company, and we have not yet reported any revenue from product sales. As a result, our independent registered public accounting firm included an explanatory paragraph in its report on our audited financial statements for the year ended December 31, 2015 which raises substantial doubt about our ability to continue as a going concern without additional financing.
- We have product candidates in the clinical trial or preclinical study phase. Clinical trials are expensive and complex to structure and run, and failure can occur at any stage of clinical development, including a failure to receive approval for the conduct of clinical trials from governmental regulatory authorities such as the FDA.
- We cannot commercialize a product until the appropriate regulatory authorities, including European regulatory authorities and the FDA, have reviewed and approved the product.
- We have limited experience in manufacturing products, and we must expand our capacity to do so.

- Our product candidates are subject to extensive regulation and will remain subject to ongoing regulatory requirements even if they receive marketing approval.
- We have no experience in marketing or distributing our products, and we need to establish our distribution channels.
- If we, or the parties from whom we license intellectual property, fail to adequately protect, enforce, or secure rights to the patents which we own or may own in the future or that were licensed to us, the value of our intellectual property rights would diminish and our business and competitive position would suffer.
- We face significant competition, and if we cannot successfully compete with new or existing products from our competitors, our product candidates may be rendered non-competitive or obsolete.

Implications of Our Emerging Growth Company and Foreign Private Issuer Status

As a company with less than $1.0 billion in revenue for our year ending December 31, 2015, we qualify as an "emerging growth company" under Section 2(a) of the Securities Act of 1933, as amended, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of certain exemptions from reporting requirements that generally apply to public companies, including the auditor attestation requirements with respect to internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, compliance with new standards adopted by the Public Company Accounting Oversight Board requiring mandatory audit firm rotation or auditor discussion and analysis, exemption from say-on-pay, say-on-frequency, and say-on-golden parachute voting requirements, and reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements. We have elected not to avail ourselves of an exemption that allows emerging growth companies to extend the transition period for complying with new or revised financial accounting standards. This election is irrevocable.

We will remain an emerging growth company until the earliest of: (i) the last day of our fiscal year during which we have total annual gross revenue of at least $1.0 billion; (ii) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (iv) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act.

Upon completion of this offering, we will also be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are applicable to "foreign private issuers," and under those requirements we will file reports with the Securities and Exchange Commission, or SEC. As a foreign private issuer we are exempt from certain rules and regulations under the Exchange Act, that are applicable to other public companies that are not foreign private issuers. For example, although we intend to report our financial results on a quarterly basis, we will not be required to issue quarterly reports, proxy statements that comply with the requirements applicable to U.S. domestic reporting companies, or individual executive compensation information that is as detailed as that required of U.S. domestic reporting companies. We will also have four months after the end of each fiscal year to file our annual report with the SEC and will not be required to file current reports as frequently or promptly as U.S. domestic reporting companies. We may also present financial statements pursuant to International Financial Reporting Standards, or IFRS, instead of pursuant to U.S. generally accepted accounting principles, or U.S. GAAP. Furthermore, although the members of our senior management and directors will be required to notify the Israel Securities Authority of certain transactions they may undertake, including with respect to our ordinary shares, our senior

management, directors, and principal shareholders will be exempt from the requirements to report transactions in our equity securities and from the short-swing profit liability provisions contained in Section 16 of the Exchange Act. As a foreign private issuer, we will also not be subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act.

With respect to home country corporate governance practices under the listing rules of the NASDAQ Capital Market, or NASDAQ Listing Rules, we intend to follow home country practice in Israel with regard to, among other things, director nomination procedures and approval of compensation for officers. In addition, we may follow our home country law instead of the NASDAQ Listing Rules that require shareholder approval for certain dilutive events, such as the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or greater interest in the company, and certain acquisitions of the stock or assets of another company, amending our compensation policy from time to time, and the approval of certain interested-parties transactions.

We may choose to take advantage of any, some, or all of the exemptions available to us as an emerging growth company or as a foreign private issuer. We have taken advantage of reduced reporting requirements in this prospectus.

Accordingly, the information contained in this prospectus may be different from the information you receive from other public companies in which you hold stock. Please see the section of this prospectus titled "Risk Factors—Risks Related to the Offering and Ownership of the ADSs" for a description of exemptions that apply to emerging growth companies and foreign private issuers.

Corporate Information

We were incorporated under the laws of the State of Israel in 1981. CollPlant Ltd., our wholly owned subsidiary, was incorporated under the laws of the State of Israel in 2004 and merged with us (by way of transfer of shares) in 2010. Our principal executive office is located at 3 Sapir Street, Weizmann Science Park, Ness-Ziona 74140, Israel, and our telephone number is +972 (0) 73 2325600. Our website address is www.collplant.com. We do not incorporate the information on or accessible through our website into this prospectus, and you should not consider any information on or accessible through our website a part of this prospectus.

THE OFFERING

ADSs offered by us	ADSs
ADSs to be outstanding immediately after this offering	ADSs (or ADSs if the underwriters exercise in full their option to purchase additional ADSs).
Ordinary shares to be outstanding immediately after this offering	ordinary shares (or ordinary shares if the underwriters exercise in full their option to purchase additional ADSs.
Over-allotment option	We have granted the underwriters an option for a period of 30 days from the date of this prospectus to purchase up to additional ADSs from us to cover over-allotments, if any.
The ADSs	Each ADS represents ordinary shares, par value NIS 0.01 per share. You will have the rights of an ADS holder as provided in the deposit agreement among us, the depositary, and all holders and beneficial owners of ADSs issued thereunder. To better understand the terms of the ADSs, you should carefully read the section in this prospectus titled "Description of American Depositary Shares." We also encourage you to read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.
Depositary	The Bank of New York Mellon
Use of proceeds	We intend to use the proceeds from this offering to continue the development of our product candidates, to conduct research and development activities, to scale up our manufacturing capabilities, to establish our sales and marketing capabilities, and for working capital and general corporate purposes. See the section of this prospectus titled "Use of Proceeds."
Risk factors	You should read the "Risk Factors" section starting on page 14 of this prospectus for a discussion of factors to consider carefully before deciding to invest in the ADSs.
Proposed NASDAQ Capital Market symbol	CLGN
Tel Aviv Stock Exchange symbol	CLPT
OTCQX symbol	CQPTY

Assuming that the ADSs are listed for trading on the NASDAQ Capital Market, the quoting of the ADSs on OTCQX will be discontinued prior to the completion of this offering.

Unless otherwise stated, the number of ordinary shares to be outstanding after this offering is based on 283,673,107 ordinary shares outstanding as of March 31, 2016, excluding, as of such date:

- 45,532,659 ordinary shares issuable upon the exercise of outstanding options at a weighted average exercise price of NIS 0.59 ($0.16) per share;

- 88,337,260 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.70 ($0.19) per share;
- 23,041,309 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.80 ($0.21) per share;
- 4,152,764 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.8478 ($0.23) per share; and
- 8,618,855 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.575 ($0.15) per share.

Unless otherwise indicated, all information in this prospectus:

- assumes an initial public offering price of $ per ADS;
- assumes no exercise by the underwriters of their option to purchase up to an additional ADSs from us; and
- no exercise of the outstanding options or warrants described above.

SUMMARY FINANCIAL DATA

The following summary financial information should be read together with our audited financial statements and accompanying notes, as well as the information under the section of this prospectus titled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our historical results are not necessarily indicative of results that may be expected in the future.

We have derived the following summary statements of operations data for the years ended December 31, 2014 and December 31, 2015, from our audited financial statements, and the selected financial data for the three month periods ended March 31, 2015 and 2016, from unaudited financial statements, which have been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, included elsewhere in this prospectus. Results from interim periods are not necessarily indicative of results that may be expected for the entire year.

Our historical results are not necessarily indicative of the results that may be expected in the future.

We prepare our financial statements in NIS. This prospectus contains conversions of NIS amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, for the purposes of the presentation of financial data as of December 31, 2015, and for the year then ended, and of the financial data as of March 31, 2016, and for the three-month period ended on that date, all conversions from NIS to U.S. dollars and from U.S. dollars to NIS were made at a rate of 3.766 NIS to 1.00 U.S. dollar, the daily representative rate in effect as of March 31, 2016 as reported by the Bank of Israel. The dollar amounts presented in this prospectus should not be construed as representing amounts that are receivable or payable in dollars or convertible into dollars, unless otherwise indicated.

	Year ended December 31,			Three months ended March 31,		
	2014	2015	2015	2015	2016	2016
	(NIS in thousands except per share data)		(Convenience translation into USD in thousands except per share data(1))	(NIS in thousands except per share data)		(Convenience translation into USD in thousands except per share data(1))
Statement of comprehensive loss data:						
Research and development expenses	14,879	22,919	6,086	4,029	8,319	2,209
Participation in research and development expenses	(5,145)	(11,055)	(2,935)	(1,550)	(2,915)	(774)
Research and development expenses, net	9,734	11,864	3,151	2,479	5,404	1,435
General, administrative and marketing expenses	3,906	6,950	1,845	1,114	2,035	540
Operating loss	13,640	18,814	4,996	3,593	7,439	1,975
Financial income	(642)	(215)	(57)	(145)	(3)	(1)
Financial expenses	25	51	13	19	191	51
Financial expenses (income), net	(617)	(164)	(44)	(126)	188	50
Loss	13,023	18,650	4,952	3,467	7,627	2,025
Loss per ordinary share, basic and diluted	0.05	0.07	0.02	0.01	0.03	0.01
Weighted average ordinary shares outstanding, basic and diluted	241,280,958	254,018,556		241,392,352	273,905,071	

	December 31,			March 31,		2016
	2014	2015	2015	2016	2016	As adjusted(2)
	(NIS in thousands)		(Convenience translation into USD in thousands(1))		(Convenience translation into USD in thousands(1))	
Statement of financial position data:						
Cash and cash equivalents	11,062	5,317	1,412	5,738	1,523	
Total assets	16,958	13,529	3,593	14,503	3,851	
Total liabilities	2,647	3,750	996	3,587	953	
Total equity	14,311	9,779	2,597	10,916	2,898	

(1) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016 at the rate of one U.S. dollar per NIS 3.766.

(2) The as adjusted data gives effect to the issuance of ADSs in this offering, at an assumed public offering price of $ per share, the closing price of our ordinary shares on the TASE immediately prior to the date of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses.

RISK FACTORS

Investing in the ADSs involves a high degree of risk. You should carefully consider the risks we describe below, along with all of the other information set forth in this prospectus, including the section entitled "Cautionary Note Regarding Forward-Looking Statements" and our financial statements and the related notes beginning on page F-1, before deciding to purchase our securities. The risks and uncertainties described below are those significant risk factors, currently known and specific to us, that we believe are relevant to an investment in our securities. If any of these risks materialize, our business, results of operations or financial condition could suffer, the price of the ADSs could decline substantially and you could lose part or all of your investment. Additional risks and uncertainties not currently known to us or that we now deem immaterial may also harm us and adversely affect your investment in the ADSs.

Risks Related to Our Financial Condition and Capital Requirements

We have incurred significant losses since our inception and anticipate that we will continue to incur significant losses for the foreseeable future.

We are a clinical-stage regenerative medicine company, and we have not yet reported any revenue from product sales. We have incurred losses in each year since our inception in 2004, including a net loss of $4.8 million and $2.0 million for the year ended December 31, 2015 and for the three-month period ended March 31, 2016, respectively. As of March 31, 2016, we had an accumulated deficit of $37.1 million.

We have devoted most of our financial resources to research and development, including our clinical and preclinical development activities. To date, we have financed our operations primarily through the sale of equity securities, grants from government authorities and proceeds from strategic collaborators. The amount of our future net losses will depend, in part, on the rate of our future expenditures. If and when we obtain regulatory approval to market any of our product candidates, our future revenues will depend upon the size of any markets in which our product candidates have received approval, and our ability to achieve sufficient market acceptance, reimbursement from third-party payors and adequate market share for our product candidates in those markets.

We expect to continue to incur significant expenses and operating losses for the foreseeable future. We anticipate that our expenses will increase substantially if and as we:

- continue our research and preclinical and clinical development of our product candidates;
- initiate additional preclinical, clinical, or other studies for our product candidates;
- seek marketing approvals for any of our product candidates that successfully complete clinical trials;
- further develop and expand the manufacturing process for our product candidates;
- establish a sales, marketing, and distribution infrastructure to commercialize our product candidates for which we may obtain marketing approval;
- seek to identify and validate additional product candidates;
- maintain, protect, and expand our intellectual property portfolio;
- attract and retain skilled personnel;
- create additional infrastructure to support our operations as a public company; and
- experience any delays or encounter issues with any of the above.

The net losses we incur may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a good indication of our

future performance. In any particular quarter or quarters, our operating results could be below the expectations of securities analysts or investors, which could cause our share price to decline.

Even if this offering is successful, we will need to raise additional funding, which may not be available on acceptable terms, or at all. Failure to obtain additional capital when needed may force us to delay, limit, or terminate our product development efforts or other operations.

We are conducting clinical and preclinical development of our product candidates and we intend to continue advancing their development. Developing medical products is expensive, and we expect our research and development expenses to continue to be a material part of our expenses, and may increase substantially in connection with our ongoing activities, particularly as we advance our product candidates in clinical trials.

As of March 31, 2016, our cash and cash equivalents were $1.5 million. We estimate that the net proceeds from this offering will be approximately $, assuming an initial public offering price of $ per ADS after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We estimate that these net proceeds, together with our existing cash and cash equivalents, will be sufficient to fund our operations for at least the next three years. However, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings, government or other third-party funding, marketing and distribution arrangements, and other collaborations, strategic alliances, and licensing arrangements, or a combination of these approaches. While we believe that the proceeds from this offering will be sufficient to enable us to obtain CE marking certification, additional capital will be required for us to seek and obtain FDA approval. We will require additional capital to commercialize any product that receives regulatory approval. Even if we believe we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations.

Any additional fundraising efforts may divert our management from their day-to-day activities, which may compromise our ability to develop and commercialize our product candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our shareholders, and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our ordinary shares or ADSs to decline. The sale of additional equity or convertible securities would dilute all of our shareholders. The incurrence of indebtedness would result in increased fixed payment obligations, and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell, or license intellectual property rights, and other operating restrictions that could adversely impact our ability to conduct our business. We could also be required to seek funds through arrangements with collaborative partners or otherwise at an earlier stage than otherwise would be desirable, and we may be required to relinquish rights to some of our technologies or products or otherwise agree to terms unfavorable to us.

If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay, or discontinue one or more of our research or development programs or the commercialization of any product candidates, and we may be unable to expand our operations or otherwise capitalize on our business opportunities, as desired.

The report of our independent registered public accounting firm on our 2015 audited consolidated financial statements contains an explanatory paragraph regarding our ability to continue as a going concern.

Our recurring losses from operations and negative cash flows from operations raise substantial doubt about our ability to continue as a going concern without additional debt or equity financing. As a result, our independent registered public accounting firm included an explanatory paragraph in its

report on our audited consolidated financial statements for 2015 with respect to this uncertainty. Substantial doubt about our ability to continue as a going concern may materially and adversely affect the price per share of our ordinary shares or ADSs and make it more difficult for us to obtain financing. If we are unable to obtain sufficient capital in this offering, our business, financial condition, and results of operations will be materially and adversely affected, and we will need to obtain alternative financing or significantly modify our operational plans to continue as a going concern. Further, if we successfully complete and receive the net proceeds from this offering, given our planned expenditures for the next several years, including without limitation, expenditures in connection with our planned clinical trials of our product candidates, our independent registered public accounting firm may conclude, in connection with the preparation of our financial statements for 2016 or any subsequent period that there continues to be substantial doubt regarding our ability to continue as a going concern.

We have prepared our financial statements on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts of liabilities that might be necessary should we be unable to continue in existence.

We have received and may continue to receive Israeli governmental grants to assist in the funding of our research and development activities. If we lose our funding from these research and development grants, we may encounter difficulties in the funding of future research and development projects and implementing technological improvements, which would harm our operating results.

Through March 31, 2016 we had received an aggregate of $7.7 million in the form of grants from the National Authority for Technological Innovation, or NATI (formerly known as the Office of the Chief Scientist of the Ministry of Economy and Industry, or the OCS). The requirements and restrictions for such grants are found in the Encouragement of Research, Development and Technological Innovation in the Industry Law 5744-1984, or the Innovation Law. Under the Innovation Law, royalties of 3% to 5% on the revenues derived from sales of products and income generated from and related services developed in whole or in part under OCS programs are payable to the OCS, up to the total amount of grants received, linked to the U.S. dollar and bearing interest at an annual rate of LIBOR applicable to U.S. dollar deposits, as published on the first business day of each calendar year. We developed our platform technologies, at least in part, with funds from these grants, and accordingly we are obligated to pay these royalties on sales of any of our products that achieve regulatory approval. As of March 31, 2016, the maximum royalty amount that would be payable by us, excluding interest, is $7.6 million. As of March 31, 2016, we paid non-material amounts in royalties to the OCS, relating mainly to the participation of our strategic collaborators in the product development. For the year ended December 31, 2015, we recorded grants totaling $1.2 million from the OCS. The grants represented 20% of our gross research and development expenditures for the year ended December 31, 2015. Following the full payment of such royalties and interest, there is generally no further liability for royalty payment; however, other restrictions under the Innovation Law, described below under "The OCS grants we have received for research and development expenditures restrict our ability to manufacture products and transfer know-how outside of Israel and require us to satisfy specified conditions", will continue to apply even after we have repaid the full amount of royalties on the grants.

As part of funding our current and planned product development activities, we have received a follow-up grant approval of approximately $1.5 million for fiscal year 2016.

These grants have funded some of our personnel, development activities with subcontractors, and other research and development costs and expenses. However, if these grants are not funded in their entirety or if new grants are not awarded in the future, due to, for example, OCS budget constraints or governmental policy decisions, our ability to fund future research and development and implement

technological improvements would be impaired, which would negatively impact our ability to develop our product candidates.

The OCS grants we have received for research and development expenditures restrict our ability to manufacture products and transfer know-how outside of Israel and require us to satisfy specified conditions.

Our research and development efforts have been financed, in part, through the grants that we have received from the OCS. We, therefore, must comply with the requirements of the Innovation Law.

Under the Innovation Law, we are generally prohibited from manufacturing products developed under OCS funding outside of the State of Israel without the prior approval of the OCS. We may not receive the required approvals for any proposed transfer of manufacturing activities. In general, in addition to the requirement of obtaining approval to manufacture products developed with OCS grants outside of Israel, we would be required to pay increased royalties, between 120% and 300% of the grants, depending on the manufacturing volume that is performed outside of Israel. This restriction may impair our ability to outsource manufacturing rights abroad. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Financial Overview—Research and Development Expenses" for additional information.

Additionally, under the Innovation Law, we are prohibited from transferring, including by way of license, the OCS-funded know-how and related intellectual property rights outside of the State of Israel, except under limited circumstances and only with the approval of the OCS committee. We may not receive the required approvals for any proposed transfer, and even if received, we may be required to pay the OCS a redemption fee, which may result in significant amounts, depending upon the value of the transferred know-how, our research and development expenses, the amount of OCS support, the time of completion of the OCS-supported research project and other factors, while the redemption fee will not exceed 600% of the grant amounts plus interest.

Approval of the transfer of know-how to an Israeli company is required, and may be granted if the recipient abides by the provisions of applicable laws, including the restrictions on the transfer of know-how and the manufacturing rights outside of Israel and the obligation to pay royalties. No assurance can be given that approval to any such transfer, if requested, will be granted.

These restrictions may impair our ability to sell our technology assets or to perform or outsource manufacturing outside of Israel, or otherwise transfer our know-how outside of Israel. It may also require us to obtain the approval of the OCS for certain actions and transactions and pay additional royalties and other amounts to the OCS. Furthermore, the consideration available to our shareholders in a transaction involving the transfer outside of Israel of know-how developed with OCS funding (such as a merger or similar transaction) may be reduced by any amounts that we are required to pay to the OCS.

If we fail to comply with the requirements of the Innovation Law, we may be required to refund certain grants previously received along with interest and penalties, and we may become subject to criminal proceedings. In addition, the Government of Israel may from time to time audit sales of products which it claims incorporate technology funded via OCS programs and this may lead to additional royalties being payable on additional products.

The OCS is in the process of adopting regulations which deal with granting of licenses to use know-how developed as a result of research financed by the OCS. Such regulations may have an effect on us, with respect to the amount of payments to the OCS for the grant of sub-licenses to third parties. In addition, pursuant to Amendment Number 7, NATI, a statutory corporation, was established on January 1, 2016 and has replaced the OCS. Pursuant to Amendment Number 7, the current restrictions under the Innovation Law will be replaced by new set of arrangements in connection with ownership obligations of know-how (including with respect to restrictions on transfer of know-how and manufacturing activities outside of Israel), as well as royalties obligations associated with approved

programs, which will be promulgated by NATI. NATI should be fully constituted no later than August 10, 2018, and in the meantime, until new arrangements are adopted by NATI, the Innovation Law as existed prior to the amendment continues to be in effect until the earlier of: one year following the date of appointment of all members of the NATI council (no later than August 10, 2019) or as otherwise resolved by the NATI council. We are presently unable to assess the effect, if any, of the adoption of those regulations and arrangements.

We may not be able to correctly estimate or control our future operating expenses, which could lead to cash shortfalls.

Our operating expenses may fluctuate significantly in the future for various reasons, many of which are outside of our control. These reasons may include:

- the time, resources, and expenses required to conduct clinical trials of, seek regulatory approvals for, manufacture, market, and sell our current product candidates and any additional product candidates we may develop;
- the time, resources, and expenses required to research and develop, conduct clinical trials of, and seek regulatory approvals for additional indications of our current product candidates;
- the costs of preparing, filing, prosecuting, defending, and enforcing patent claims and other patent-related costs, including litigation costs or the results of such litigation;
- any product liability or other lawsuits related to our product candidates and the costs associated with defending them or the results of such lawsuits;
- the costs to attract and retain personnel with the skills required for effective operations; and
- the costs associated with being a public company in the United States.

It is difficult to forecast our future performance, which may cause our financial results to fluctuate unpredictably.

Because we do not yet have an established commercial operating history, and because the market for our product candidates may rapidly evolve, it is hard for us to predict our future performance. A number of factors, many of which are outside of our control, may contribute to fluctuations in our financial results assuming that we receive marketing authorizations and begin selling our product candidates. These factors may include variations in:

- market demand for, and acceptance of, our product candidates;
- our ability to obtain or maintain regulatory approvals;
- our sales and marketing operations, or the effectiveness of these operations;
- performance of our third-party contractors;
- the availability of procedures or products that compete with our product candidates;
- media coverage of our technologies, the procedures or products of our competitors or our industry; and
- general economic and political conditions, including changes in general consumer confidence.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, our shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of the ADSs.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports. Together with adequate disclosure controls and procedures, effective internal controls are

designed to prevent fraud. Any failure to implement required new or improved controls or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, may require prospective or retroactive changes to our financial statements, or may identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of the ADSs.

We are required to disclose changes made in our internal controls and procedures on an annual basis and our management is required to assess the effectiveness of these controls annually. However, for as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act. We could be an emerging growth company for up to five years. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

Risks Related to the Clinical Development and Regulatory Approval of Our Product Candidates

We currently depend heavily on the future success of VergenixSTR, VergenixFG, and VergenixBVF. Any failure to successfully develop, obtain regulatory approval for, and commercialize these product candidates, independently or in cooperation with a third party collaborator, or the experience of significant delays in doing so, would compromise our ability to generate revenue and become profitable.

We have invested a significant portion of our efforts and financial resources in the development of VergenixSTR, VergenixFG, and VergenixBVF. Our ability to generate product revenue from our product candidates depends heavily on the successful development, approval, and commercialization of our product candidates, which, in turn, depend on several factors, including the following:

- our ability to continue and support our rhCollagen platform technology and programs;
- successfully completing our ongoing and future clinical trials and other studies required for our product candidates;
- demonstrating and maintaining the safety and efficacy of our product candidates at a sufficient level of statistical or clinical significance and otherwise obtaining marketing approvals from regulatory authorities;
- establishing successful sales and marketing arrangements for our product candidates VergenixSTR and VergenixFG in the jurisdictions where they may be approved;
- the availability of coverage and reimbursement by healthcare payors for our product candidates in the jurisdictions where they may be approved;
- establishing successful manufacturing arrangements with third-party manufacturers that are compliant with current good manufacturing practices, or cGMP, and which will ensure the development of a large scale manufacturing process and adequate facilities or being able to conduct such manufacturing ourselves;
- establishing a large scale facility as a second source for the manufacture of commercial quantities of our product candidates, if approved; and
- other risks described in this "Risk Factors" section.

Our product candidates are based on novel technology, which makes it difficult to predict the time and cost of product development and potential regulatory approval.

We have concentrated our product research and development efforts on our novel rhCollagen technology. The FDA has approved very few plant-expressed products, and has not yet approved a medical device which incorporates plant-produced materials. We may experience development challenges in the future related to our technology, which could cause significant delays or unanticipated costs, and we may not be able to solve such development challenges. We may also experience delays in developing a sustainable, reproducible, and scalable manufacturing process or transferring that process to commercial partners, if we decide to do so, which may prevent us from completing our clinical trials or commercializing our product candidates on a timely or profitable basis, if at all.

In addition, the clinical trial requirements of European regulatory authorities, the FDA, and other regulatory authorities and the criteria these regulators use to determine the safety and efficacy of a product vary substantially according to the type, complexity, novelty, and intended use and market of the potential product candidates. The regulatory approval process for novel products such as ours can be more expensive and take longer than for other, better known or extensively studied medical devices or other products. Our product candidates may also be designated by the FDA or other regulatory authorities as Combination Products, which are products composed of two or more regulated components, such as a drug and a medical device, and then may be regulated as drug or biologic product, resulting in a longer regulatory approval process than the regulatory approval process for a medical device. Approvals by any regulatory authorities may not be indicative of what the FDA or other regulatory agencies may require for approval, and vice versa.

Regulatory requirements governing medical devices and other products for medical use have changed frequently and may continue to change in the future. Also, before a clinical trial can begin, an institutional review board, or IRB, at each institution at which a clinical trial will be performed must review the proposed clinical trial to assess the safety of the trial. In addition, adverse developments in clinical trials of medical devices and products conducted by others may cause European regulatory authorities, the FDA, or other regulatory authorities to change the requirements for approval of any of our product candidates.

These regulatory agencies and additional or new requirements may lengthen the regulatory review process, require us to perform additional studies, increase our development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of our product candidates, or lead to significant approval and post-approval limitations or restrictions. As we advance our product candidates, we will be required to consult with these regulatory authorities, and comply with applicable requirements. If we fail to do so, we may be required to delay or discontinue development of our product candidates. Delay or failure to obtain, or unexpected costs in obtaining, the regulatory approval necessary to bring a potential product to market could impair our ability to generate product revenue and to become profitable.

We may find it difficult to enroll patients in our clinical trials, and patients could discontinue their participation in our clinical trials, which could delay or prevent clinical trials of our product candidates.

Identifying and qualifying patients to participate in clinical trials of our product candidates is critical to our success. The timing of our clinical trials depends on our ability to recruit patients to participate in our clinical trials. We may experience delays in patient enrollment in the future. If patients are unwilling to participate in our clinical trials because of negative publicity from adverse events in the biotechnology, pharmaceutical or medical technology industries, or for other reasons, including competitive clinical trials for similar patient populations, the timeline for recruiting patients, conducting trials, and obtaining regulatory approval of potential products may be delayed. These delays could result in increased costs, delays in advancing our product development, delays in testing the effectiveness of our technology, or termination of the clinical trials altogether.

We may not be able to identify, recruit, and enroll a sufficient number of patients, or those with required or desired characteristics to achieve diversity in a trial, to complete our clinical trials in a timely manner. Patient enrollment is affected by factors including:

- design of the trial protocol;
- size of the patient population;
- eligibility criteria for the trial in question;
- severity of the disease/wounds under investigation;
- perceived risks and benefits of the product under study;
- proximity and availability of clinical trial sites for prospective patients;
- availability of competing therapies, product candidates, and clinical trials;
- efforts to facilitate timely enrollment in clinical trials;
- patient referral practices of physicians; and
- ability to monitor patients adequately during and after treatment.

We are currently conducting clinical trials in Israel and intend to seek marketing approval in Europe, China and the United States. We may not be able to initiate or continue clinical trials if we cannot enroll a sufficient number of eligible patients to participate in the clinical trials required by European regulatory authorities, the FDA, or other regulatory authorities.

In addition, patients enrolled in our clinical trials may discontinue their participation at any time during the trial as a result of a number of factors, including withdrawing their consent or experiencing adverse clinical events, which may or may not be related to our product candidates under evaluation. The discontinuation of patients in any one of our trials may cause us to delay or abandon such clinical trial, or cause the results from that trial not to be positive or sufficient to support a filing for regulatory approval of the applicable product.

Our clinical trials may not be successful or may be delayed.

As stated above, we are currently completing a clinical trial in Israel with respect to VergenixSTR and expect to conduct additional clinical trials with respect to this and other product candidates in the future. Before obtaining marketing approval from regulatory authorities for the sale of our product candidates or any future product, we must conduct clinical trials to demonstrate the safety in humans for European CE marking certification, and the safety and efficacy of our products in humans for other regulatory authorities such as China and the United States. From time to time, we work with contract research organizations, or CROs, which assist us in overseeing and implementing our clinical trials. Clinical trials are expensive, time consuming, and uncertain as to outcome. We cannot guarantee that any clinical trials will be conducted as planned or completed on schedule, if at all. We may not receive FDA regulatory approval for the conduct of any particular clinical trial in the United States or regulatory approval for conduct of such clinical trial in other countries. A failure of one or more clinical trials can occur at any stage of testing. Events that may prevent successful or timely completion of clinical development include:

- delays in reaching a consensus with regulatory agencies on trial design;
- delays in reaching agreement on acceptable terms with prospective CROs and clinical trial sites;
- delays in obtaining required IRB approval at each clinical trial site;
- delays in recruiting suitable patients to participate in our clinical trials;

- imposition of a clinical hold by regulatory agencies, including after an inspection of our clinical trial operations or trial sites;
- failure by our CROs, other third parties or us to perform in accordance with clinical trial requirements or the FDA's good clinical practices, or GCP, or applicable regulatory requirements in other countries;
- delays in the testing, validation, manufacturing, and delivery of our product candidates to the clinical sites;
- delays in having patients complete participation in a trial or return for post-treatment follow-up;
- clinical trial sites or patients dropping out of a trial;
- occurrence of serious adverse events associated with the product candidates that are viewed to outweigh their potential benefits; or
- changes in regulatory requirements and guidance that require amending or submitting new clinical trial protocols.

Any inability to successfully complete preclinical and clinical development could result in additional costs to us or impair our ability to generate revenue from product sales. In addition, if we make manufacturing or design changes to our product candidates, we may need to conduct additional studies to bridge our modified product candidates to earlier versions. Clinical trial delays could also shorten any periods during which we may have the exclusive right to commercialize our product candidates or allow our competitors to bring products to market before we do, which could impair our ability to successfully commercialize our product candidates.

If the results of our clinical trials are inconclusive or if there are safety concerns or adverse events associated with our product candidates, we may:

- fail to obtain, or be delayed in obtaining, marketing approval for our product candidates;
- obtain approval for indications or patient populations that are not as broad as intended or desired;
- obtain approval with labeling that includes significant use or distribution restrictions or safety warnings;
- be required to perform additional clinical trials to support approval or be subject to additional post-marketing testing requirements;
- have regulatory authorities withdraw their approval of the product or impose restrictions on its distribution;
- be subject to the addition of labeling statements, such as warnings or contraindications;
- be sued; or
- experience damage to our reputation.

Any of these events could prevent us from achieving or maintaining market acceptance of our product candidates and impair our ability to commercialize our product candidates.

Success in early clinical trials may not be indicative of results obtained in later trials.

There is a high failure rate for medical devices, drugs, and biologics proceeding through clinical trials. A number of companies in the pharmaceutical, biotechnology, and medical technology industries have suffered significant setbacks in later stage clinical trials even after achieving promising results in earlier stage clinical trials. Data obtained from preclinical and clinical activities are subject to varying interpretations, which may delay, limit, or prevent regulatory approval. In addition, regulatory delays or

rejections may be encountered as a result of many factors, including the novelty of the product and changes in regulatory policy during the period of product development.

Even if we complete the necessary preclinical studies and clinical trials, we cannot predict when or if we will obtain regulatory approval to commercialize a product, or the approval may be for a more narrow indication than we expect.

We cannot commercialize a product until the appropriate regulatory authorities have reviewed and approved the product. Even if our product candidates demonstrate safety and efficacy in clinical trials, the regulatory agencies may not complete their review processes in a timely manner, or we may not be able to obtain regulatory approval. Additional delays may result if an FDA Advisory Committee or other regulatory authority recommends non-approval or restrictions on approval. In addition, we may experience delays or rejections based upon additional government regulation from future legislation or administrative action, or changes in regulatory agency policy during the period of product development, clinical trials, and the review process. Regulatory agencies also may approve a treatment for fewer or more limited indications than requested or may grant approval subject to the performance of post-marketing studies. In addition, regulatory agencies may not approve the labeling claims that are necessary or desirable for the successful commercialization of our treatment.

Side effects may occur following treatment with our product candidates which could make it more difficult for our product candidates to receive regulatory approval.

Treatment with our product candidates may cause side effects or other adverse events. In addition, since our product candidates may in the future be administered in combination with other therapies, patients, or clinical trial participants may experience side effects or other adverse events that are unrelated to our product, but may still impact the success of our clinical trials. Additionally, our product candidates could potentially cause other adverse events that have not yet been predicted. The experience of side effects and adverse events in our clinical trials could make it more difficult to achieve regulatory approval of our product candidates or, if approved, could negatively impact the market acceptance of such product candidates.

Even if we obtain regulatory approval for a product, our product candidates will remain subject to regulatory scrutiny.

Even if we obtain regulatory approval in a jurisdiction, the regulatory authority may still impose significant restrictions on the indicated uses or marketing of our product candidates, or impose ongoing requirements for potentially costly post-approval studies or post-market surveillance. Advertising and promotional materials must comply with FDA, Federal Trade Commission, or FTC, and European and other countries' regulatory requirements and are subject to review by the FDA, FTC or other governmental authorities, in addition to other potentially applicable federal and state laws.

The laws that may affect our operations in the United States include:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, receiving, offering, or paying remuneration, directly or indirectly, to induce, or in return for, the purchase or recommendation of an item or service reimbursable under a federal healthcare program, such as the Medicare and Medicaid programs;

- federal civil and criminal false claims laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which created new federal criminal statutes that prohibit executing a scheme to defraud any healthcare benefit program and making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology and Clinical Health Act, or HITECH, and its implementing regulations, which imposes certain requirements relating to the privacy, security, and transmission of individually identifiable health information;

- the federal physician sunshine requirements under The Patient Protection and Affordable Care Act, or ACA, which requires manufacturers of drugs, devices, biologics, and medical supplies to report annually to the Centers for Medicare and Medicaid Services, or CMS, information related to payments and other transfers of value to physicians, other healthcare providers, and teaching hospitals, and ownership and investment interests held by physicians and other healthcare providers and their immediate family members; and

- foreign and state law equivalents of each of the above federal laws, such as the U.S. Foreign Corrupt Practices Act, or FCPA, anti-kickback and false claims laws that may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts.

The scope of these laws and our lack of experience in establishing the compliance programs necessary to comply with this complex and evolving regulatory environment increase the risks that we may violate the applicable laws and regulations.

In addition, product manufacturers and their facilities are subject to continual review and periodic inspections by the European regulatory authorities, the FDA, and other regulatory authorities for compliance with cGMP or any applicable European or other governmental regulations. If we or a regulatory agency discover previously unknown problems with a product such as adverse events of unanticipated severity or frequency or problems with the facility where the product is manufactured, a regulatory agency may impose restrictions relative to that product or the manufacturing facility, including requiring recall or withdrawal of the product from the market or suspension of manufacturing.

If we fail to comply with applicable regulatory requirements following approval of any of our product candidates, one or more regulatory authorities could:

- issue a warning letter asserting that we are in violation of the law;

- seek an injunction or impose civil or criminal penalties or monetary fines;

- suspend or withdraw regulatory approval;

- suspend any ongoing clinical trials;

- seize our product; or

- refuse to allow us to enter into supply contracts, including government contracts.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity and potentially lead to private

litigation. The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and generate revenues.

We have only limited experience in regulatory affairs and intend to rely on consultants and other third parties for regulatory matters, which may affect our ability or the time we require to obtain necessary regulatory approvals.

Between 2010 and 2012, we had limited interactions with the FDA for a predecessor wound healing product candidate and have not had any discussions with the FDA regarding our current product candidates. We have limited experience in preparing and filing the applications necessary to gain regulatory approvals for our product candidates. Moreover, the products that are likely to result from our development programs are based on new technologies that have not been extensively used in humans. The regulatory requirements governing these types of product may be less well defined or more rigorous than for conventional products. As a result, we may experience a longer regulatory review process in connection with obtaining regulatory approvals, if any, of products that we develop. We intend to rely on independent consultants for regulatory services and compliance and product development and filings in Europe, the United States and elsewhere. Any failure by our consultants to properly advise us regarding, or properly perform tasks related to, regulatory submission and other requirements could compromise our ability to develop and obtain regulatory approval of our product candidates.

We are subject to stringent regulation and any adverse regulatory action may materially adversely affect our financial condition and business operations.

Our product candidates, development activities, and manufacturing processes are subject to extensive and rigorous regulation by numerous government agencies, including European regulatory authorities, the FDA, and other regulatory authorities. To varying degrees, each of these agencies monitors and enforces our compliance with laws and regulations governing the development, testing, manufacturing, labeling, marketing, and distribution of our products. The process of obtaining marketing approval or clearance in Europe, the United States, and other countries for new products or enhancements or modifications to existing products, could

- take a significant amount of time;
- require the expenditure of substantial resources;
- involve rigorous and expensive preclinical and clinical testing, as well as increased post-market surveillance;
- involve modifications, repairs, or replacements of our product candidates; and
- result in limitations on the indicated uses of our product candidates.

We cannot be certain that we will receive required approval or clearance from European regulatory authorities, the FDA, or other regulatory authorities for new products or modifications to existing products on a timely basis. The failure to receive approval or clearance for significant new products or modifications to existing products on a timely basis could have a material adverse effect on our financial condition and results of operations.

Both before and after a product is commercially released, we have ongoing responsibilities under FDA regulations. For example, we are required to comply with the FDA's Quality System Regulation, or QSR, which are the good manufacturing requirements that the FDA applies to medical devices, and which mandates that manufacturers of medical devices adhere to certain requirements pertaining to, among other things, development of our products, validation of manufacturing processes, controls for purchasing product components, and documentation practices. As another example, FDA regulations require us to provide information to the FDA whenever there is evidence that reasonably suggests that

a product may have caused or contributed to a death or serious injury, or that a malfunction occurred which would be likely to cause or contribute to a death or serious injury upon recurrence. Compliance with applicable regulatory requirements is subject to continual review and is monitored rigorously through, among other things, periodic inspections by the FDA, which may result in observations on Form 483 that require corrective action, and in some cases warning letters. If the FDA were to conclude that we are not in compliance with applicable laws or regulations, or that any of our medical devices are ineffective or pose an unreasonable health risk, the FDA could ban such medical devices, detain or seize such medical devices, order a recall, repair, replacement, or refund of such devices, or require us to notify health professionals and others that the devices present unreasonable risks of substantial harm to the public health.

The FDA has been increasing its scrutiny of the medical device, drugs, and biologics industries, and regulatory agencies are expected to continue to scrutinize the industry closely with inspections, with possible enforcement actions by the FDA or other agencies. Additionally, the FDA may restrict manufacturing and impose other operating restrictions, enjoin and restrain certain violations of applicable law pertaining to medical devices, and assess civil or criminal penalties against our officers, employees, or us. The FDA may also recommend prosecution to the Department of Justice. Any adverse regulatory action, depending on its magnitude, may restrict us from effectively manufacturing, marketing, and selling our product candidates. In addition, negative publicity and product liability claims resulting from any adverse regulatory action could have a material adverse effect on our financial condition and results of operations.

Finally, the FDA issued regulations regarding "Current Good Manufacturing Practice Requirements for Combination Products" on January 22, 2013. These regulations may apply to some of our product candidates if they are designated by the FDA as Combination Products, which are products composed of two or more regulated components, such as a drug and a medical device. There have been and will be additional costs associated with compliance with the FDA Good Manufacturing Practice Requirements regulations for Combination Products.

Governmental regulations have become increasingly stringent and more common, and we may become subject to even more rigorous regulation by governmental authorities in various countries in the future. Penalties for a company's non-compliance with governmental regulation could be severe, including revocation or suspension of a company's business license and criminal sanctions.

The impact of healthcare reform and other changes in the healthcare industry and in healthcare spending is currently unknown, and may adversely affect our business model.

The commercial potential for our approved product candidates, if any, could be affected by changes in healthcare spending and policy in Europe, in the United States, and in other countries. We operate in a highly regulated industry and new laws, regulations, or judicial decisions, or new interpretations of existing laws, regulations, or decisions, related to healthcare availability, the method of delivery, or payment for healthcare products and services could negatively impact our business, operations, and financial condition.

In addition to the level of commercial success of our product candidates, if approved, our future prospects are also dependent on our ability to successfully develop a pipeline of additional products, and we may not be successful in our efforts in using our platform technologies to identify or discover additional products.

The success of our business depends primarily upon our ability to identify, develop, and commercialize products based on our platform technology. Although we have three product candidates at various stages of development, our research programs may fail to identify other potential products for clinical development for a number of reasons. Our research methodology may be unsuccessful in identifying potential products or our potential products may be shown to have harmful side effects or

may have other characteristics that may make the products unmarketable or unlikely to receive marketing approval.

If any of these events occur, we may be forced to abandon our development efforts for a program or programs. Research programs to identify new products require substantial technical, financial, and human resources. We may focus our efforts and resources on potential programs or products that ultimately prove to be unsuccessful.

Risks Related to Our Reliance on Third Parties

We expect to rely on third parties to conduct some or all aspects of our product manufacturing, protocol development, research, and preclinical and clinical testing, and these third parties may not perform satisfactorily.

We do not expect to independently conduct all aspects of our product manufacturing, protocol development, research, and preclinical and clinical testing. We currently rely, and expect to continue to rely, on third parties with respect to parts of these items.

Any of these third parties may terminate their engagements with us at any time. If we need to enter into alternative arrangements, it could delay our product development activities. Our reliance on these third parties for research and development activities will reduce our control over these activities but will not relieve us of our responsibility to ensure compliance with all required regulations and study protocols.

If these third parties do not successfully carry out their contractual duties, meet expected deadlines, or conduct our studies in accordance with regulatory requirements or our stated study plans and protocols, we will not be able to complete, or may be delayed in completing, the preclinical studies and clinical trials required to support future FDA, European, or other approvals of our product candidates.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured the products ourselves, including:

- the inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- reduced control as a result of using third-party manufacturers for all aspects of manufacturing activities;
- termination or non-renewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to us; and
- disruptions to the operations of our third-party manufacturers or suppliers caused by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier.

Any of these events could lead to clinical trial delays or failure to obtain regulatory approval, or impact our ability to successfully commercialize future products. Some of these events could be the basis of action from European regulatory authorities, the FDA, or other regulatory authorities, including injunction, recall, seizure, or total or partial suspension of production.

If we or our third-party manufacturers on which we rely cannot manufacture our product candidates at sufficient yields, we may experience delays in development, regulatory approval, and commercialization.

Completion of our clinical trials and commercialization of our product candidates require access to, or development of, facilities to manufacture our product candidates at sufficient yields and at commercial scale. We have limited experience in large scale manufacturing, or managing third parties in manufacturing any of our product candidates in the volumes that are expected to be necessary to

support large-scale clinical trials and sales. Our efforts to establish these capabilities may not meet our requirements as to scale-up, yield, cost, potency, or quality in compliance with cGMP. Our clinical trials should be conducted with product produced under applicable cGMP regulations. Failure to comply with these regulations would delay the regulatory approval process. Even an experienced third-party manufacturer may encounter difficulties in production, including:

- costs and challenges associated with scale-up and attaining sufficient manufacturing yields;
- supply chain issues, including the timely availability and shelf life requirements of raw materials and supplies;
- quality control and assurance;
- shortages of qualified personnel and capital required to manufacture large quantities of product;
- compliance with regulatory requirements that vary in each country where a product might be sold;
- capacity limitations and scheduling availability in contracted facilities; and
- natural disasters that affect facilities and possibly limit production.

Any delay or interruption in the supply of our product candidates could have a material adverse effect on our business and operations.

The regulatory authorities also may, at any time following approval of a product for sale, audit our manufacturing facilities or those of our third-party contractors. If any such inspection or audit identifies a failure to comply with applicable regulations or our product specifications or if a violation of applicable regulations, including a failure to comply with the product specifications, occurs independent of such an inspection or audit, we or the relevant regulatory authority may require remedial measures that may be costly or time consuming for us or a third party to implement and that may include the temporary or permanent suspension of a clinical trial or commercial sales or the temporary or permanent closure of a facility.

If we or any of our third-party manufacturers fail to maintain regulatory compliance, the FDA or the European authorities can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new product or revocation of a pre-existing approval.

Additionally, if supply from one approved manufacturer is interrupted, there could be a significant disruption in commercial supply. Switching manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

These factors could cause the delay of clinical trials, regulatory submissions, required approvals, or commercialization of our product candidates; cause us to incur higher costs; and prevent us from commercializing our product candidates successfully. Furthermore, if our suppliers fail to meet contractual requirements, and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical trials may be delayed or we could lose potential revenue.

We expect to rely on third parties to conduct, supervise, and monitor our clinical trials, and if these third parties perform in an unsatisfactory manner, it may harm our business.

We rely heavily on hospitals, clinic centers, and other institutions and third parties, including the principal investigators and their staff, to carry out our clinical trials in accordance with our clinical protocols and designs. We also rely on a number of CROs to assist in undertaking, managing, monitoring, and executing our ongoing clinical trials. We expect to continue to rely on CROs, clinical data management organizations, medical institutions, and clinical investigators to conduct our development efforts in the future. We compete with many other companies for the resources of these

third parties, and large pharmaceutical and medical device companies often have significantly more extensive agreements and relationships with such third-party providers, and such third-party providers may prioritize the requirements of such large pharmaceutical and medical device companies over ours. The third parties on whom we rely may terminate their engagements with us at any time, which may cause delay in the development and commercialization of our product candidates. If any such third party terminates its engagement with us or fails to perform as agreed, we may be required to enter into alternative arrangements, which would result in significant cost and delay to our product development program. Moreover, our agreements with such third parties generally do not provide assurances regarding employee turnover and availability, which may cause interruptions in the research on our product candidates by such third parties.

Moreover, while our reliance on these third parties for certain development and management activities will reduce our control over these activities, it will not relieve us of our responsibilities. For example, European regulatory authorities, the FDA, and other regulatory authorities require compliance with regulations and standards, including GCP requirements, for designing, conducting, monitoring, recording, analyzing, and reporting the results of clinical trials to ensure that the data and results from trials are credible and accurate and that the rights, integrity, and confidentiality of trial participants are protected. Although we rely on third parties to conduct our clinical trials, we are responsible for ensuring that each of these clinical trials is conducted in accordance with its general investigational plan and protocol under legal and regulatory requirements. Regulatory authorities enforce these GCP requirements through periodic inspections of trial sponsors, principal investigators, and trial sites. If we or any of our CROs fail to comply with applicable GCP requirements, the clinical data generated in our clinical trials may be deemed unreliable, and European regulatory authorities, the FDA, or other regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP requirements.

If CROs and other third parties do not successfully carry out their duties under their agreements with us, if the quality or accuracy of the data they obtain is compromised due to their failure to adhere to trial protocols or to regulatory requirements, or if they otherwise fail to comply with regulations and trial protocols or meet expected standards or deadlines, the trials of our product candidates may not meet regulatory requirements. If trials do not meet regulatory requirements or if these third parties need to be replaced, the development of our product candidates may be delayed, suspended, or terminated, or the results may not be acceptable. If any of these events occur, we may not be able to obtain regulatory approval of our product candidates on a timely basis, at a reasonable cost, or at all.

Our reliance on third parties may require us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.

Because we rely on third parties to manufacture our product candidates, and because we collaborate with various organizations and academic institutions on the advancement of our technology, we must, at times, share trade secrets with them. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, collaborative research agreements, consulting agreements, or other similar agreements with our collaborators, advisors, employees, and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, such as trade secrets. Despite these contractual provisions, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by potential competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, discovery by a third party of our trade secrets or other

unauthorized use or disclosure would impair our intellectual property rights and protections in our product candidates.

In addition, these agreements typically restrict the ability of our collaborators, advisors, employees, and consultants to publish data potentially relating to our trade secrets. Our academic collaborators typically have rights to publish data, provided that we are notified in advance and may delay publication for a specified time in order to secure our intellectual property rights arising from the collaboration. In other cases, publication rights are controlled exclusively by us, although in some cases we may share these rights with other parties. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of these agreements, independent development, or publication of information including our trade secrets in cases where we do not have proprietary or otherwise protected rights at the time of publication.

It could be difficult to replace some of our suppliers and equipment vendors.

Outside vendors provide key components, raw materials, and equipment used in the manufacture of our product candidates. An uncorrected defect or supplier's variation in a component or raw material, either unknown to us or incompatible with our manufacturing process, could harm our ability to manufacture product candidates. We may not be able to find a sufficient alternative supplier in a reasonable time period, or on commercially reasonable terms, if at all, and our ability to produce and supply our product candidates could be impaired.

If we were suddenly unable to purchase from one or more of these companies, we would need a significant period of time to qualify a replacement, and the production of any affected product candidates could be disrupted. While it is our policy to maintain sufficient inventory of components so that our production will not be significantly disrupted even if a particular component or material is not available for a period of time, we remain at risk that we will not be able to qualify new components or materials quickly enough to prevent a disruption if one or more of our suppliers ceases production of important components or materials, or if we are unable to quickly procure replacement equipment.

If we fail to enter into any needed collaboration agreements for our product candidates, we may be unable to commercialize them effectively or at all. However, there are risks associated with entering into any collaboration agreement.

To successfully develop and commercialize our product candidates, we will need substantial financial resources as well as expertise and physical resources and systems. We may elect to develop some or all of these physical resources and systems and expertise ourselves, or we may seek to collaborate with another company that can provide some or all of such physical resources and systems as well as financial resources and expertise. If we are not able to enter into a collaboration for one or more of our product candidates on acceptable terms, we might elect to delay or scale back the development and commercialization of the product candidate in order to preserve our financial resources or to allow us adequate time to develop the required physical resources and systems and expertise ourselves.

The risks in a collaboration agreement include the following:

- the collaborator may not apply the expected financial resources, efforts, or required expertise in developing the physical resources and systems necessary to successfully develop and commercialize a product candidate;
- the collaborator may not invest in the development of a sales and marketing force and the related infrastructure at levels that ensure that sales of the product candidate reach their full potential;

- we may be required to undertake the expenditure of substantial operational, financial, and management resources;
- we may be required to issue equity securities that would dilute our existing shareholders' percentage ownership;
- we may be required to assume substantial actual or contingent liabilities;
- strategic partners could decide to move forward with a competing product developed either independently or in collaboration with others, including our competitors;
- disputes may arise between us and a collaborator that delay the development or commercialization or adversely affect the sales or profitability of the product candidate; or
- the collaborator may independently develop, or develop with third parties, products that could compete with our product candidates.

In addition, a collaborator for one or more of our product candidates may have the right to terminate the collaboration at its discretion. Any termination may require us to seek a new collaborator, which we may not be able to do on a timely basis, if at all, or require us to delay or scale back our development and commercialization efforts. The occurrence of any of these events could adversely affect the development and commercialization of our product candidates and materially harm our business and stock price by delaying the development of our product candidates, and the sale of any products that may be approved by the FDA or other regulatory agencies, by slowing the growth of such sales, by reducing the profitability of the product and/or by adversely affecting the reputation of the product.

We expect to depend upon third-party distributors and resellers for a significant portion of our sales.

We expect to rely primarily upon sales through independent distributors and resellers. While we are highly dependent upon acceptance of our product candidates and solutions by such third parties and their active marketing and sales efforts relating to our product candidates and solutions, most of our distributors and resellers will not be obligated to deal with us exclusively and are not contractually subject to minimum purchase requirements. In addition, some of our distributors and resellers may sell competing products or solutions. As a result, our distributors and resellers may give higher priority to products or services of our competitors, thereby reducing their efforts in selling our product candidates and services.

There can be no assurance that such distributors and resellers will act as effective sales agents for us, that they will remain our partners, or that, if we terminate or lose any of them, we will be successful in replacing them. Any such disruption in our distribution channels could adversely affect our business, operating results, and financial condition.

Risks Related to Commercialization of Our Product Candidates

We have limited experience in producing our core components and product candidates, and if we are unable to manufacture our core components and products in high-quality commercial quantities successfully and consistently to meet demand, our growth will be limited.

We have experience manufacturing only limited quantities of rhCollagen, the recombinant human type I collagen used in our product candidates. Our manufacturing capabilities will need to be further improved to meet the standard requirements for future clinical studies and for commercialization of our product candidates. To manufacture our rhCollagen in quantities that we believe will be sufficient to produce our end products and meet anticipated market demand, we will need to increase manufacturing capacity, which will involve significant challenges. In addition, the development of commercial-scale, regulation-compliant manufacturing capabilities will require us to invest substantial

additional funds and hire and retain the technical personnel who have the necessary manufacturing experience. We may not successfully complete any required increase to existing manufacturing processes in a timely manner, or at all. Our costs will be higher, and our challenges greater, if we decide to develop internal manufacturing capabilities to produce our end products.

If there is a disruption to our internal manufacturing operations, we will have no other means of production for the components and products from such operations until we restore the affected facilities or develop alternative manufacturing facilities, which would delay our clinical trials or cause us to be unable to meet commercial demand for our product candidates. In such case, we may need to arrange for third-party manufacturing of our components and product candidates, which would be expensive and time consuming, assuming we can identify an appropriate third party manufacturer. Additionally, any damage to or destruction of our facilities or equipment may significantly impair our ability to manufacture our components and products on a timely basis.

If we are unable to produce our product candidates in sufficient quantities to meet anticipated customer demand, our revenues, business, and financial prospects would be harmed. The lack of experience we have in producing commercial quantities of our components and product candidates may also result in quality issues and product recalls. Any product recall could be expensive and generate negative publicity, which could impair our ability to market our product candidates and further affect our results of operations. Manufacturing delays related to quality control could negatively impact our ability to bring our technologies to market, harm our reputation, and decrease our revenues.

If we are unable to establish sales and marketing capabilities or enter into agreements with third parties to market and sell any of our product candidates that obtain regulatory approval, we may be unable to generate any revenue.

We have no experience selling and marketing our product candidates or any other products. To successfully commercialize our product candidates we will need to develop these capabilities, either on our own or with others. We are seeking to enter into commercial alliances with third-party collaborators and distributors to utilize their marketing and distribution capabilities, but we may be unable to do so on favorable terms, if at all. If any future collaboration or distribution partners do not commit sufficient resources to commercialize our future product candidates, and if we are unable to develop the necessary marketing capabilities on our own, we will be unable to generate sufficient product revenue to sustain our business. We will be competing with many companies that currently have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies or successfully commercialize any of our product candidates.

We face competition and rapid technological change and the possibility that our competitors may develop therapies/product candidates that are more advanced or effective than ours, which could impair our ability to successfully commercialize our product candidates.

We operate in the regenerative medicine field, which is rapidly changing. We have competitors both in the United States and internationally, including major multinational pharmaceutical companies, biotechnology companies, medical technology companies, and universities and other research institutions.

Many of our potential competitors have substantially greater financial, technical and other resources, such as larger research and development staff and experienced marketing and manufacturing organizations. Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our potential competitors may succeed in developing, acquiring, or licensing on an exclusive basis, products that are

more effective or less costly than any products that we may develop, or achieve earlier patent protection, regulatory approval, product commercialization, and market penetration than us. Additionally, technologies developed by others may render our potential products uneconomical or obsolete, and we may not be successful in marketing our product candidates against competitors.

We are not aware of any competitors that produce collagen from plants or that produce recombinant type I human collagen. However, our collagen-based product candidates will compete with alternative solutions; for example, our VergenixSTR product candidate will compete with companies that sell PRP kits. Our VergenixFG product candidate will compete with companies that produce and market animal collagen-based products and collagen products produced from skin donations. Our VergenixBVF product platform will compete with products that combine a recombinant bone growth protein and bovine-based collagen and with allograft products.

The commercial success of any current or future product, if approved, will depend upon the degree of market acceptance by physicians, patients, third-party payors, and others in the medical community.

Even if we obtain the requisite regulatory approvals, the commercial success of our product candidates will depend in part on the medical community, patients, and third-party payors accepting our product candidates as medically useful, cost-effective, and safe. Any product that we bring to the market may not gain market acceptance by physicians, patients, third-party payors, and others in the medical community. If these product candidates do not achieve an adequate level of acceptance, we may not generate significant product revenue and may not become profitable. The degree of market acceptance of these product candidates, if approved for commercial sale, will depend on a number of factors, including:

- the cost, safety, efficacy, and convenience of our product candidates in relation to alternative treatments and products;
- the ability of third parties to enter into relationships with us without violating their existing agreements;
- the effectiveness of our sales and marketing efforts;
- the prevalence and severity of any side effects, including any limitations or warnings contained in a product's approved labeling;
- the prevalence and severity of any side effects resulting from the procedure by which our product candidates are administered;
- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the strength of marketing and distribution support for, and timing of market introduction of, competing products;
- publicity concerning our product candidates or competing products and treatments; and
- sufficient third-party insurance coverage or reimbursement.

Even if a potential product displays a favorable safety and efficacy profile in clinical trials, market acceptance of the product will not be known until after it is launched. Our efforts to educate the medical community and third-party payors on the benefits of the products may require significant resources and may never be successful. Such efforts to educate the marketplace may require more resources than are required by conventional technologies.

A variety of risks associated with international operations could harm our business.

If any of our product candidates are approved for commercialization, it is our current intention to market them on a regional or worldwide basis in the jurisdictions where they may be approved, either alone or in collaboration with third parties. In addition, we may conduct development activities in various jurisdictions throughout the world. We expect that we will be subject to additional risks related to engaging in international operations, including:

- different regulatory requirements for product approval in foreign countries;
- reduced protection for intellectual property rights;
- unexpected changes in tariffs, trade barriers, and regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration, and labor laws for employees living or traveling abroad;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the United States and Israel;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods, and fires.

The insurance coverage and reimbursement status of newly approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for any of our product candidates that are approved could limit our ability to market those product candidates and compromise our ability to generate revenue.

The availability of reimbursement by governmental and private payors is essential for most patients to be able to afford expensive treatments. Sales of our product candidates will depend substantially, both in Europe and in the United States, on the extent to which the costs of our product candidates will be paid by health maintenance, managed care, pharmacy benefit, and similar healthcare management organizations, or reimbursed by government health administration authorities, private health coverage insurers, and other third-party payors. If reimbursement is not available, or is available only to limited levels, we may not be able to successfully commercialize our product candidates. Even if we obtain coverage for our product candidates, third-party payors may not establish adequate reimbursement amounts, which may reduce the demand for, or the price of, our product candidates. If reimbursement is not available or is available only to limited levels, we may not be able to commercialize certain of our product candidates.

Furthermore, publication of discounts by third-party payors or authorities may lead to further pressure on the prices or reimbursement levels within the country of publication and other countries. If reimbursement of our product candidates is unavailable or limited in scope or amount, or if pricing is set at unacceptable levels, we or our partner may elect not to commercialize our product candidates in such countries, and our business and financial condition could be adversely affected.

Promotion of off-label uses of our product candidates by physicians could adversely affect our business.

Any regulatory approval of our product candidates is limited to those specific indications for which our product candidates have been deemed safe and effective by the regulatory authorities. In addition, any new indication for an approved product also requires regulatory approval. If we produce an approved product, we will rely on physicians to use and administer it as we have directed and for the indications described on the labeling. It is not, however, uncommon for physicians to use in unapproved, or "off-label," uses or in a manner that is inconsistent with the manufacturer's directions. To the extent such off-label uses and departures from our administration directions become pervasive and produce results such as reduced efficacy or other adverse effects, the reputation of our product candidates in the marketplace may suffer. In addition, off-label uses may cause a decline in our revenue or potential revenue, to the extent that there is a difference between the prices of our product for different indications.

Furthermore, while physicians may choose to use our product candidates for off-label uses, our ability to promote the products is limited to those indications that are specifically approved by the regulators. Although regulatory authorities generally do not regulate the behavior of physicians, they do restrict communications by companies with respect to off-label use. If our promotional activities fail to comply with these regulations or guidelines, we may be subject to warnings from, or enforcement action by, these authorities. In addition, failure to follow regulation authorities' rules and guidelines relating to promotion and advertising can result in the regulation authorities' refusal to approve a product, the suspension or withdrawal of an approved product from the market, product recalls, fines, disgorgement of money, operating restrictions, injunctions, or criminal prosecution.

Risks Related to Our Business Operations

Our future success depends on our ability to retain key employees, consultants, and advisors and to attract, retain, and motivate qualified personnel.

We are dependent on principal members of our executive team listed under "Management" in this prospectus, the loss of whose services may adversely impact the achievement of our objectives. While we have entered into employment agreements with each member of our senior management, any of them could leave our employment at any time, as all of our employees are "at will" employees. Recruiting and retaining other qualified employees, consultants, and advisors for our business, including scientific and technical personnel, will also be critical to our success. There is currently a shortage of skilled executives in our industry, which is likely to continue. As a result, competition for skilled personnel is intense and the turnover rate can be high. We may not be able to attract and retain personnel on acceptable terms given the competition among numerous medical device companies for individuals with similar skill sets. In addition, failure to succeed in clinical trials may make it more challenging to recruit and retain qualified personnel. The inability to recruit or loss of the services of any executive, key employee, consultant, or advisor may impede the progress of our research, development, and commercialization objectives.

Our collaborations with outside scientists and consultants may be subject to restriction and change.

We work with medical experts, chemists, biologists, and other scientists at academic and other institutions, and consultants who assist us in our research, development, and regulatory efforts, including the members of our scientific advisory board. In addition, these scientists and consultants have provided, and we expect that they will continue to provide, valuable advice regarding our programs and regulatory approval processes. These scientists and consultants are not our employees and may have other commitments that would limit their future availability to us. If a conflict of interest arises between their work for us and their work for another entity, we may lose their services. In addition, we are limited in our ability to prevent them from establishing competing businesses or

developing competing products. For example, if a key scientist acting as a principal investigator in any of our clinical trials identifies a potential product that is more scientifically interesting to his or her professional interests, his or her availability to remain involved in our clinical trials could be restricted or eliminated.

We will need to expand our organization and we may experience difficulties in managing this growth, which could disrupt our operations.

As of March 31, 2016, we had 37 employees. As we mature and undertake the activities required to advance our product candidates into later stage clinical development and to operate as a public company in the United States, we expect to expand our full-time employee base and to hire more consultants and contractors. Our management may need to divert a disproportionate amount of its attention away from our day-to-day activities and devote a substantial amount of time to managing these growth activities. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, operational setbacks, loss of business opportunities, loss of employees, and reduced productivity among remaining employees. Our expected growth could require significant capital expenditures and may divert financial resources from other projects, such as the development of additional product candidates. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate or grow revenue could be compromised, and we may not be able to implement our business strategy. Our future financial performance and our ability to commercialize product candidates and compete effectively will depend, in part, on our ability to effectively manage any future growth.

Our employees, principal investigators, consultants, and commercial partners may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of fraud or other misconduct by our employees, principal investigators, consultants, and commercial partners. Misconduct by these parties could include intentional failures to comply with regulations, provide accurate information to European regulatory authorities, the FDA and other regulatory authorities, comply with healthcare fraud and abuse laws and regulations, report financial information or data accurately, or disclose unauthorized activities to us. In particular, sales, marketing, and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing, and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs, and other business arrangements. Such misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause serious harm to our reputation. We have adopted a code of conduct applicable to all of our employees, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

We face potential product liability, and, if successful claims are brought against us, we may incur substantial liability and costs. If the use of our product candidates harms patients, or is perceived to harm patients even when such harm is unrelated to our product candidates, our regulatory approvals could be revoked or otherwise negatively impacted and we could be subject to costly and damaging product liability claims.

The use of our product candidates in clinical trials and the sale of any products for which we obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by consumers, healthcare providers, medical device companies, or others that sell or otherwise come into contact with our product candidates. There is a risk that our product candidates may induce adverse events. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of our business reputation;
- withdrawal of clinical trial participants;
- costs due to related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- the inability to commercialize our product candidates;
- decreased demand for our product candidates, if approved for commercial sale; and
- impairment of our ability to obtain product liability insurance coverage.

We currently carry human clinical trials liability insurance of $3,000,000 for each clinical trial and product liability insurance of $5,000,000 for sales in Europe of VergenixFG. We will acquire product liability insurance before commercializing any of our other product candidates. We believe our clinical trials liability insurance coverage is sufficient in light of our current clinical programs; however, we may not be able to obtain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses due to product liability. If we obtain marketing approval for any of our product candidates, we intend to obtain insurance coverage to include the sale of commercial products, but we may not be able to obtain product liability insurance on commercially reasonable terms or in adequate amounts. On occasion, large judgments have been awarded in class action lawsuits based on medical treatments that had unanticipated adverse effects. A product liability claim or series of claims brought against us could cause our ADS or ordinary share price to decline and, if judgments exceed our insurance coverage, could materially and adversely affect our financial position.

Our development of rhCollagen relies upon the continued availability of tobacco plants, and any interruption in availability or supply of tobacco plants may delay production and adversely affect commercial utilization of our rhCollagen-based product candidates, if any such product candidates are approved and marketed in the future.

Our product candidates are all based on our recombinant human collagen extracted from tobacco plants. Any disruption to the supply of tobacco plants or any change in its availability for use would delay our production of collagen and adversely affect commercial utilization of our product candidates, if any such product candidates are approved and marketed in the future.

The occurrence of severe adverse weather conditions or crop diseases may have a potentially devastating impact upon our tobacco production. The effect of severe adverse weather conditions or the occurrence and effect of crop disease may reduce yields in our plants or require higher levels of investment to maintain yields, even when only a portion of the crop is damaged. We cannot assure you that severe future adverse weather conditions will not adversely impact our operating results and financial condition. Although some crop diseases are treatable, the cost of treatment is high, and we cannot assure that such events in the future will not adversely affect our operating results and financial condition.

If our existing rhCollagen production site is damaged or destroyed, or production at this facility is otherwise interrupted, our business and prospects would be negatively affected.

We currently have a single, small-scale production site in Israel where we manufacture rhCollagen. If our existing production facility, or the equipment in it, is damaged or destroyed, we likely would not be able to quickly or inexpensively replace our production capacity. Any new facility needed to replace our existing production facility would need to comply with the necessary regulatory requirements and be tailored to our production requirements and processes. We would need regulatory approval before using any products manufactured at a new facility in clinical trials or selling any products that are ultimately approved. Such an event could delay our clinical trials or, if any of our product candidates are approved by the regulator, reduce or eliminate our product sales.

If we fail to comply with environmental, health, and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse impact on the success of our business.

We are subject to numerous environmental, health, and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment, and disposal of hazardous materials and wastes. Our operations involve the use of hazardous materials, including chemicals and biological materials. Our operations also produce hazardous waste products. We generally contract with third parties for the disposal of these materials and wastes. We cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from our use of hazardous materials, we could be held liable for any resulting damages, and any liability could exceed our resources. We also could incur significant costs associated with civil or criminal fines and penalties.

Although we maintain workers' compensation insurance to cover us for costs and expenses we may incur due to injuries to our employees resulting from the use of hazardous materials or other work-related injuries, this insurance may not provide adequate coverage against potential liabilities. In addition, we may incur substantial costs in order to comply with current or future environmental, health, and safety laws and regulations. These current or future laws and regulations may impair our research, development or production efforts. Failure to comply with these laws and regulations also may result in substantial fines, penalties, or other sanctions.

We may use our financial and human resources to pursue a particular research program or product and fail to capitalize on programs or products that may be more profitable or for which there is a greater likelihood of success.

Because we have limited resources, we may forego or delay pursuit of opportunities with certain programs or products or for indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs for products may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product, we may relinquish valuable rights to that product through strategic collaboration, licensing, or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product, or we may allocate internal resources to a product in a therapeutic area in which it would have been more advantageous to enter into a collaboration arrangement.

We are subject to foreign currency exchange risk, and fluctuations between the U.S. dollar and the NIS, the Euro, and other non-U.S. currencies may adversely affect our earnings and results of operations.

We currently operate in two different currencies. While the NIS is our functional and reporting currency and investments in our share capital have been denominated in NIS, our financial results may

be adversely affected by fluctuations in currency exchange rates as a significant portion of our operating expenses, including development and manufacturing expenses, are denominated in U.S. dollars.

We are exposed to the risks that the U.S. dollar may appreciate relative to the NIS, In such event, the dollar-denominated results of operations would be adversely affected. We cannot predict any future trends in the rate of inflation in Israel or the rate of devaluation (if any) of the NIS against the dollar. For example, the average exchange rate of the dollar against the NIS increased in the years 2014 and 2015, and decreased in 2013. Market volatility and currency fluctuations may limit our ability to cost-effectively hedge against our foreign currency exposure. Hedging strategies may not eliminate our exposure to foreign exchange rate fluctuations and may involve costs and risks of their own, such as devotion of management time, external costs to implement the strategies, and potential accounting implications. Foreign currency fluctuations, independent of the performance of our underlying business, could lead to materially adverse results or could lead to positive results that are not repeated in future periods.

Risks Related to Our Intellectual Property

We have an extensive worldwide patent portfolio. The cost of maintaining our patent protection is high and maintaining our patent protection requires continuous review and compliance in order to maintain worldwide patent protection. We may not be able to effectively maintain our intellectual property position throughout the major markets of the world.

The U.S. Patent and Trademark Office, or U.S. PTO, and foreign patent authorities require maintenance fees and payments as well as continued compliance with a number of procedural and documentary requirements. Non-compliance may result in abandonment or lapse of the subject patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Non-compliance may result in reduced royalty payments for lack of patent coverage in a particular jurisdiction from our collaboration partners or may result in competition, either of which could have a material adverse effect on our business.

We have made, and will continue to make, certain strategic decisions in balancing costs and the potential protection afforded by the patent laws of certain countries. As a result, we may not be able to prevent third parties from practicing our inventions in all countries throughout the world, or from selling or importing products made using our inventions in and into the United States or other countries. Third parties may use our technologies in territories in which we have not obtained patent protection to develop their own products and, further, may infringe our patents in territories which provide inadequate enforcement mechanisms, even if we have patent protection. Such third-party products may compete with our product candidates, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

If we are unable to obtain or protect intellectual property rights related to our product candidates, we may not be able to obtain exclusivity for our product candidates or prevent others from developing similar competitive products.

We rely upon a combination of granted patents, pending patent applications, trade secret protection, and confidentiality agreements to protect the intellectual property related to our product candidates. The strength of patents in the field of regenerative medicine involves complex legal and scientific questions and can be uncertain. The patent applications that we own may fail to result in issued patents with claims that cover our product candidates in the United States or in other countries. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found, which can invalidate a patent or prevent a patent from issuing from a pending patent application. Even if patents do successfully issue and even if such patents cover our product candidates, third parties may challenge their validity, enforceability, or scope, which may result

in the patent claims being narrowed or invalidated. Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property, provide exclusivity for our product candidates, or prevent others from designing around our claims. Any of these outcomes could impair our ability to prevent competition from third parties.

Our ability to attract third parties to collaborate with us to develop products and our ability to commercialize future products may be adversely affected if the patent applications we hold with respect to our techniques or product candidates fail to issue, if the breadth or strength of our patent protection is threatened, or if our patent portfolio fails to provide meaningful exclusivity for our product candidates. Third parties may challenge their validity or enforceability of our patents or patents that issue in the future from our patent applications, which may result in such patents being narrowed, invalidated, or held unenforceable. Even if our patents and patent applications are not challenged by third parties, they may not prevent others from designing around our claims and may not otherwise adequately protect our product candidates. If the breadth or strength of protection provided by the patents and patent applications we hold with respect to our product candidates is threatened, our ability to commercialize our product candidates may be adversely effected.

Discoveries are generally published in the scientific literature well after their actual development, and patent applications in the United States and other countries are typically not published until 18 months after filing and in some cases are never published. Therefore, we cannot be certain that we were the first to make the inventions claimed in our owned granted patents or patent applications, or that we were the first to file for patent protection covering such inventions. Subject to meeting other requirements for patentability, for United States patent applications filed prior to March 16, 2013, the first to invent the claimed invention is entitled to receive patent protection for that invention while, outside the United States, the first to file a patent application encompassing the invention is entitled to patent protection for the invention. In addition, patents have a limited lifespan. In the United States, the expiration of a patent is generally 20 years from the earliest non-provisional filing date. Various extensions may be available, but the life of a patent, and the protection it affords, is limited. Once the patent life has expired for a product, we may be open to competition from third party products, including products that are copies of our products. This risk is material in light of the length of the development process of our product candidates and lifespan of our current patent portfolio.

In addition to the protection afforded by patents, we rely on trade secret protection and confidentiality agreements to protect our proprietary know-how and other proprietary information that is not patentable or that we elect not to patent. For example, many of our discovery, development, and manufacturing processes involve proprietary know-how, information, or technology that is not covered by patents. We seek to protect our trade secrets and proprietary technology and processes, in part, by entering into confidentiality agreements with our employees, consultants, scientific advisors, and contractors. We also seek to preserve the integrity and confidentiality of our data and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. Security measures may be breached, and we may not have adequate remedies for any breach. In addition, our trade secrets may otherwise become known or be independently discovered by competitors. Although we expect all of our employees and consultants to assign their inventions to us, and all of our employees, consultants, advisors, and any third parties who have access to our proprietary know-how, information, or technology to enter into confidentiality agreements, we cannot provide any assurances that all such agreements have been duly executed, that our trade secrets and other confidential proprietary information will not be disclosed, or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. Misappropriation or unauthorized disclosure of our trade secrets could impair our competitive position and may have a material adverse effect on our business. Additionally, if the steps taken to maintain our trade secrets are deemed inadequate, we may have insufficient recourse against third parties for misappropriating the trade secret. In addition, others may independently discover our

trade secrets and proprietary information. For example, the FDA, as part of its Transparency Initiative, is currently considering whether to make additional information publicly available on a routine basis, including information that we may consider to be trade secrets or other proprietary information, and it is not clear at the present time how the FDA's disclosure policies may change in the future, if at all.

Further, the laws of some countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and in other countries. If we are unable to prevent material disclosure of the non-patented intellectual property related to our technologies to third parties, and there is no guarantee that we will have any such enforceable trade secret protection, we may not be able to establish or maintain a competitive advantage in our market.

Third-party claims of intellectual property infringement may prevent or delay our development and commercialization efforts.

Our commercial success depends in part on our avoiding infringement of the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the United States, involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, oppositions, and *inter partes* review proceedings before the U.S. PTO, and corresponding foreign patent offices. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we are pursuing development technologies. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that our product candidates may be subject to claims of infringement of the patent rights of third parties.

Third parties may assert that we are employing their proprietary technology without authorization. There may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture, or methods for treatment related to the use or manufacture of our product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that our product candidates may be accused of infringing. In addition, third parties may obtain patents in the future and claim that use of our technologies infringes upon these patents. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates or any final product itself, the holders of any such patents may be able to block our ability to commercialize such product unless we obtained a license under the applicable patents, or until such patents expire. Similarly, if any third-party patents were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture, or methods of use, the holders of any such patents may be able to block our ability to develop and commercialize the applicable product unless we obtained a license or until such patent expires. In either case, such a license may not be available on commercially reasonable terms or at all.

The patent landscape in competitive product areas is highly complex and there may be patents of third parties of which we are unaware that may result in claims of infringement. Accordingly, there can be no assurance that our product candidates do not infringe proprietary rights of third parties. Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of such claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of financial and employee resources from our business. In the event of a successful claim of infringement against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, pay royalties, redesign our infringing products, or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure.

We intend, if necessary, to vigorously enforce our intellectual property in order to protect the proprietary position of our product candidates. Active efforts to enforce our patents may include litigation, post-grant patent challenges, administrative proceedings, or all of the foregoing, depending on the potential benefits that might be available from those actions and the costs associated with undertaking those efforts against third parties. We review and monitor publicly available information regarding products that may be competitive with our product candidates and intend to assert our intellectual property rights where appropriate.

We may enter into license agreements with third parties, and if we fail to comply with our obligations in such agreements under which we license intellectual property rights from third parties or otherwise experience disruptions to our business relationships with our licensors, we could lose license rights that are important to our business.

We may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we may be required to expend significant time and resources to develop or license replacement technology. If we are unable to do so, we may be unable to develop or commercialize the affected products.

We may be involved in lawsuits or administrative proceedings to obtain, protect or enforce our patents, which could be expensive, time consuming, and unsuccessful.

Competitors may infringe our patents. To counter infringement or unauthorized use, we may be required to file an infringement suit, which can be expensive and time consuming. In addition, in an infringement proceeding, the defendant may file a countersuit, challenging the validity or enforceability of our patent. In that case, a court may decide that a patent of ours is not valid, is unenforceable, or is not infringed, or it may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

We may not be able to prevent misappropriation of our intellectual property rights, particularly in countries where the laws may not protect those rights.

We may be involved in interference proceedings in the U.S. PTO that are provoked by third parties or provoked by us when there appears to be the same subject matter claimed in our patents or patent applications and the third parties' patents or patent applications, in order to determine the priority of inventions. An unfavorable outcome could require us to cease using the related technology, to lose our patent claims partially or in entirety, or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions, or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the trading price of our ordinary shares or ADSs.

Recent patent reform legislation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents.

On September 16, 2011, the Leahy-Smith America Invents Act, or the Leahy-Smith Act, was signed into law. The Leahy-Smith Act includes a number of significant changes to U.S. patent law, including provisions that affect the way patent applications are prosecuted and also affect patent litigation. The United States Patent and Trademark Office, or U.S. PTO, has developed regulations and procedures to govern administration of the Leahy-Smith Act, and many of the substantive changes to patent law associated with the Leahy-Smith Act, and in particular, the first to file provisions which were enacted March 16, 2013. However, it is not clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. The Leahy-Smith Act and its implementation could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of our issued patents. We may become involved in post-grant proceedings challenging our patents or the patents of others, and the outcome of any such proceedings are highly uncertain. An unfavorable outcome in any such proceedings could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology and compete directly with us, or result in our inability to manufacture, develop, or commercialize our product candidates without infringing the patent rights of others.

We may be subject to claims that our employees, consultants, or independent contractors have wrongfully used or disclosed confidential information of third parties or, that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Certain of our employees and personnel were previously employed at universities, medical institutions, or other biotechnology or pharmaceutical companies. Although we try to ensure that our employees, consultants, and independent contractors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or our employees, consultants, or independent contractors have inadvertently or otherwise used or disclosed intellectual property, including trade secrets or other proprietary information, of any of our employee's former employer or other third parties. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees. Furthermore, universities or medical institutions who employ some of our key employees and personnel in parallel to their engagement by us may claim that intellectual property developed by such person is owned by the respective academic or medical institution under the respective institution intellectual property policy or applicable law.

We may become subject to claims for remuneration or royalties for assigned service invention rights by our employees, which could result in litigation and adversely affect our business.

A significant portion of our intellectual property has been developed by our employees in the course of their employment for us. Section 134 of the Israeli Patents Law, 5727-1967, or the Patents Law, grants employees the right to receive consideration for service inventions unless otherwise provided in an agreement between the parties. According to a decision by the special Committee for Compensations and Royalties formed under the Patents Law, or the Committee, an employee's right to receive consideration for service inventions is a personal right and is entirely separate from the proprietary rights in such invention. Therefore, this right must be explicitly waived by the employee. A decision in May 2014 by the Committee clarifies that the right to receive consideration under Section 134 can be waived and that in certain circumstances, such waiver does not necessarily have to be explicit. However, the Committee has the authority to examine, on a case by case basis, the general contractual framework between the parties, using interpretation rules of the general Israeli contract

laws. Although such decision seems to alleviate the requirement to obtain explicit waiver under Section 134 of the Patents Law, to the extent that there is no explicit waiver in the employment agreements, the existence of such waiver will be subject to the interpretation of the Committee Further, the Committee has not yet determined one specific formula for calculating this remuneration (but rather uses the criteria specified in the Patents Law) nor the criteria or circumstances under which an employee's waiver of his right to remuneration will be disregarded. We generally enter into assignment-of-invention agreements with our employees pursuant to which such individuals assign to us all rights to any inventions created in the scope of their employment or engagement with us. Although our employees have agreed to assign to us service invention rights, we may face claims demanding remuneration in consideration for assigned inventions. As a consequence of such claims, we could be required to pay additional remuneration or royalties to our current or former employees, or be forced to litigate such claims, which could negatively affect our business.

We may be subject to claims challenging the inventorship or ownership of our patents and other intellectual property.

We may be subject to claims that former employees, collaborators, or other third parties have an ownership interest in our patents or other intellectual property. Ownership disputes may arise in the future, for example, from conflicting obligations of consultants or others who are involved in developing our product candidates. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, valuable intellectual property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Obtaining and maintaining our patent protection require compliance with various procedural, document submissions, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees, and various other governmental fees on patents and applications are and will be due to be paid to the U.S. PTO and various governmental patent agencies outside of the United States in several stages over the lifetime of the patents and applications. The U.S. PTO and various non-U.S. governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. There are situations in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction.

Issued patents covering our product candidates could be found invalid or unenforceable if challenged in court or in administrative proceedings.

If we initiate legal proceedings against a third party to enforce a patent covering one of our product candidates, the defendant may contend that the patent covering our product is invalid, unenforceable, or fails to cover the product or the infringing product. In patent litigation in the United States, defendants commonly allege that asserted patent claims are invalid and unenforceable. Grounds for a validity challenge could be an alleged failure to meet one or more of several statutory requirements, including lack of novelty, obviousness, lack of written description, indefiniteness, and non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the U.S. PTO, or made a misleading statement, during prosecution. Third parties may also raise similar claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such

mechanisms include re-examination, post grant review, and equivalent proceedings in foreign jurisdictions, such as opposition proceedings. Such proceedings could result in revocation, amendments to our patent claims, or statements being made on the record such that our claims may no longer be construed to cover our product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. With respect to the validity question, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity, unenforceability, or non-infringement, we would lose at least part, and perhaps all, of the patent protection on our product candidates. Even if resolved in our favor, litigation, or other legal proceedings relating to intellectual property claims may cause us to incur significant expenses, and could distract our technical and management personnel from their normal responsibilities. As further described below, we previously prevailed in an administrative challenge initiated by Fibrogen, Inc., a major biopharmaceutical company regarding our intellectual property rights, maintaining our intellectual property in all relevant scope, and will continue to protect and enforce our intellectual property rights. Moreover, third parties may continue to initiate new proceedings in the United States and foreign jurisdictions to challenge our patents from time to time.

In addition, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments, and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the market price of our ordinary shares or ADSs. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing, or distribution activities.

An issued patent covering our product was administratively challenged by Fibrogen Inc., and the outcome of the challenge may result in our patent being revoked or amended.

Our European Patent No. 1 809 751 entitled "Collagen Producing Plants and Methods of Generating and Using Same," was granted by the European Patent Office, or EPO, on September 1, 2010. On June 1, 2011, Fibrogen, Inc. initiated an opposition proceeding with the EPO, seeking revocation of the patent in its entirety on the grounds that the claims were not supported by the contents of the patent, were not novel, and were not inventive. On January 22, 2013, the EPO issued its decision to maintain the patent in amended form with claims that cover genetically modified plants that produce collagen.

On June 3, 2013, Fibrogen, Inc. appealed the decision. On August 1, 2013, we filed an appeal, seeking to expand the scope of the patent. Oral hearings on these appeals are scheduled for July 2017. The ultimate outcome of these proceedings remains uncertain, and final resolution of the proceeding may take a number of years and result in substantial costs to us.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

As is the case with other companies in our industry, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biotechnology industry involve both technological and legal complexity, and is therefore is costly, time consuming, and inherently uncertain. In addition, in recent years the United States enacted and implemented wide-ranging patent reform legislation. Recent U.S. Supreme Court rulings have narrowed the scope of patent protection available in certain circumstances and weakened the rights of patent owners in some situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents that had already been granted. The patent laws and regulations may changes in unpredictable ways through actions of the U.S. Congress, the federal courts, and the U.S. PTO, in the future, and any changes may adversely affect our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

We may not be able to protect our intellectual property rights throughout the world.

Filing, prosecuting, and defending patents on products in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Potential competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as in the United States. These products may compete with our product candidates, if approved, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets, and other intellectual property protection, particularly those relating to biotechnology products, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing, and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Intellectual property rights do not address all potential threats to any competitive advantage we may have.

The degree of future protection afforded by our intellectual property rights is uncertain because intellectual property rights have limitations, and intellectual property rights may not adequately protect our business or permit us to maintain our competitive advantage. The following examples are illustrative:

- Others may be able to make products that are the same as or similar to our current or future products but that are not covered by the claims of the patents that we own or have exclusively licensed.
- We or any of our licensors or strategic partners might not have been the first to make the inventions covered by the issued patent or pending patent application that we own or have exclusively licensed.
- We or any of our licensors or strategic partners might not have been the first to file patent applications covering certain of our inventions.
- Others may independently develop similar or alternative technologies or duplicate any of our technologies without infringing our intellectual property rights.
- The prosecution of our pending patent applications may not result in granted patents.
- Granted patents that we own or have exclusively licensed may not provide us with any competitive advantages, or may be held invalid or unenforceable, as a result of legal challenges by our competitors.

- Patent protection on our product candidates may expire before we are able to develop and commercialize the product, or before we are able to recover our investment in the product.

- Our competitors might conduct research and development activities in the United States and other countries that provide a safe harbor from patent infringement claims for such activities, as well as in countries in which we do not have patent rights, and may then use the information learned from such activities to develop competitive products for sale in markets where we intend to market our product candidates.

Our agreement with Yissum with respect to our rhCollagen contains certain rights which may be exercised by Yissum.

Pursuant to our agreement dated July 13, 2004 with, among others, Yissum Research Development Company of the Hebrew University of Jerusalem Ltd., or Yissum, and Prof. Oded Shoseyov, our chief scientific officer and a director, Yissum and Professor Shoseyov assigned to us all intellectual property rights owned by them in connection with the development of the method for production of quality human rhCollagen in plants. Pursuant to this agreement, in the event of (i) the appointment of a receiver or liquidator for all or substantially all of our assets, which appointment is not removed within sixty days, (ii) our passing a resolution for a voluntary winding up, or a winding up application being made against us and not set aside within sixty days, or (iii) our making an assignment of rights or other assets for the benefit of our creditors, all rights in such patents and trade secrets will revert to Yissum. In connection with this reversion right, we agreed that all intellectual property rights that can be registered in connection with such project would be registered with a 1% ownership interest in Yissum's name, solely in order to protect Yissum's reversion right. However, to date, all of our patents regarding rhCollagen have been registered (or are proposed to be registered) with our wholly owned subsidiary, CollPlant Ltd., as 100% owner, without reflecting Yissum's 1% interest. Accordingly, Yissum may claim that such intellectual property rights should be registered in accordance with the terms of the agreement. In addition, in the event that we seek to obtain financing secured by our assets, Yissum's consent to subordinate its interests in such patent rights to the interests of such potential financing source would likely be required.

Risks Related to the Offering and Ownership of the ADSs

The market price of the ADSs may be highly volatile, and you may not be able to resell your ADSs at or above the initial public offering price.

Prior to this offering, there has not been a public market in the United States for our ordinary shares, and an active market has not developed for the ADSs, which have been quoted on the OTCQX since March 2015. The initial public offering price of the ADSs in this offering will be based, in part, on the price of our ordinary shares on the Tel Aviv Stock Exchange, or the TASE, and on the price of the ADSs on the OTCQX, as well as on negotiations between us and the representative of the underwriters, which may not be indicative of prices that will prevail in the trading market. An active trading market for the ADSs may not develop following this offering. You may not be able to sell your ADSs quickly or at the market price if trading in the ADSs is not active.

The market price of the ADSs is likely to be volatile. Our ADS price could be subject to wide fluctuations in response to a variety of factors, including the following:

- adverse results or delays in preclinical studies or clinical trials;

- reports of adverse events in other similar products or clinical trials of such products;

- inability to obtain additional funding;

- any delay in filing a regulatory submission for any of our product candidates and any adverse development or perceived adverse development with respect to the FDA's review or European authorities' review of that regulatory submission;
- failure to develop successfully and commercialize our product candidates and future products;
- failure to enter into strategic collaborations;
- failure by us or strategic collaboration partners to prosecute, maintain, or enforce our intellectual property rights;
- changes in laws or regulations applicable to future products;
- inability to scale up our manufacturing capabilities (including in Israel), inability to obtain adequate product supply for our product candidates, or the inability to do so at acceptable prices;
- adverse regulatory decisions, including by the OCS under the Innovation Law;
- introduction of new products, services, or technologies by our competitors;
- failure to meet or exceed financial projections we may provide to the public;
- failure to meet or exceed the financial expectations of the investment community;
- the perception of the biotechnology industry by the public, legislatures, regulators, and the investment community;
- announcements of significant acquisitions, strategic partnerships, joint ventures, or capital commitments by us or our competitors;
- disputes or other developments relating to proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- additions or departures of key scientific or management personnel;
- significant lawsuits, including patent or shareholder litigation;
- changes in the market valuations of similar companies;
- sales of our ordinary shares or ADSs by us or our shareholders in the future; and
- trading volumes of our ordinary shares and ADSs.

In addition, companies trading in the stock market in general, and medical device companies in particular, have experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry factors may negatively affect the market price of our ordinary shares, regardless of our actual operating performance.

As a new investor, you will experience immediate dilution in the book value of any ADSs you purchase.

Because the initial public offering price per ADS being offered is substantially higher than our net tangible book value per ADS, you will suffer immediate and substantial dilution in the net tangible book value of any ADSs you purchase in this offering. Consequently, if you purchase ADSs in this offering at an initial public offering price of $ per ADS, you will incur immediate dilution of $ per ADS. In addition, you may experience further dilution to the extent that additional ordinary shares are issued upon exercise of outstanding options and warrants. If the underwriters exercise their over-allotment option, you may experience additional dilution. For further information

regarding the dilution resulting from this offering, please see the section entitled "Dilution" in this prospectus.

We will incur additional significant costs as a result of the listing of the ADSs for trading on the NASDAQ Capital Market and thereby becoming a public company subject to SEC reporting requirements in the United States, and our management will be required to devote substantial additional time to new compliance initiatives as well as to compliance with ongoing United States and Israeli reporting requirements.

In addition to the costs associated with being an Israeli public company, upon the successful completion of this offering and the listing of the ADSs on the NASDAQ Capital Market, we will become a publicly reporting company in the United States. As a U.S. public reporting company, we will incur additional significant accounting, legal, and other expenses that we did not incur before the offering. We also anticipate that we will incur costs associated with corporate governance requirements of the SEC and the NASDAQ Capital Market. We expect these rules and regulations to increase our legal and financial compliance costs, introduce new costs such as investor relations, stock exchange listing fees and shareholder reporting, and to make some activities more time consuming and costly. Our management and other personnel will need to devote substantial time to these compliance requirements; in addition, the implementation of such compliance processes and systems may require us to hire outside consultants and incur other significant costs. Any future changes in the laws and regulations affecting public companies in the United States and the rules and regulations adopted by the SEC and the NASDAQ Capital Market, for so long as they apply to us, will result in increased costs to us as we respond to such changes. These laws, rules, and regulations could make it more difficult or more costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, on our board committees, if any, or as senior management.

Our securities will be traded on more than one market or exchange and this may result in price variations.

Our ordinary shares have been trading on the TASE since May 2010, and the ADSs have been quoted on the OTCQX since March 2015. In conjunction with this offering, we have applied to list the ADSs on the NASDAQ Capital Market. Trading in ordinary shares and ADSs, as applicable, on these markets will take place in different currencies (U.S. dollars on the NASDAQ Capital Market and NIS on the TASE), and at different times (resulting from different time zones, trading days, and public holidays in the United States and Israel). The trading prices of our shares on these two markets may differ due to these and other factors. Any decrease in the price of our ordinary shares on the TASE could cause a decrease in the trading price of the ADSs on the NASDAQ Capital Market.

Our principal shareholders and management own a significant percentage of our ordinary shares and will be able to exert significant control over matters subject to shareholder approval.

As of June 30, 2016, our senior management, directors, and five percent or more shareholders and their affiliates beneficially owned approximately 46.6% of our voting shares and, upon closing of this offering, that same group will beneficially own approximately % of our outstanding voting shares. These shareholders will have the ability to control us through their ownership positions. These shareholders may be able to determine all matters requiring shareholder approval. For example, these shareholders, if they were to act together, may be able to control elections of directors, amendments of our organizational documents, or approval of any merger, sale of assets, or other major corporate transaction. This may prevent or discourage unsolicited acquisition proposals or offers for our ordinary shares that you may believe are in your best interest as one of our shareholders.

We are an "emerging growth company" and a "foreign private issuer," and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies and foreign private issuers will make the ADSs less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an emerging growth company, we may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in this prospectus and our periodic reports and proxy statements, extended transition periods for adopting new or revised accounting standards, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, although circumstances could cause us to lose that status earlier, including if the market value of our ordinary shares held by non-affiliates exceeds $700.0 million as of any June 30 before that time or if we have total annual gross revenue of $1.0 billion or more during any fiscal year before that time, in which cases we would no longer be an emerging growth company as of the following December 31 or, if we issue more than $1.0 billion in non-convertible debt during any three-year period before that time, we would cease to be an emerging growth company immediately.

Furthermore, as a foreign private issuer, we are not subject to the same requirements that are imposed upon U.S. domestic issuers by the SEC. Under the Securities Exchange Act of 1934, or the Exchange Act, we will be subject to reporting obligations that, in certain respects, are less detailed and less frequent than those of U.S. domestic reporting companies. For example, we will not be required to issue proxy statements that comply with the requirements applicable to U.S. domestic reporting companies. We will also have four months after the end of each fiscal year to file our annual reports with the SEC and will not be required to file current reports as frequently or promptly as U.S. domestic reporting companies. Furthermore, our officers, directors, and principal shareholders will be exempt from the requirements to report transactions in our equity securities and from the short-swing profit liability provisions contained in Section 16 of the Exchange Act. These exemptions and leniencies, along with other corporate governance exemptions resulting from our ability to rely on home country rules, will reduce the frequency and scope of information and protections to which you may otherwise have been eligible in relation to a U.S. domestic reporting companies. See "Management—Corporate Governance Practices" for more information.

We cannot predict if investors will find the ADSs less attractive because we may rely on these reduced requirements. If some investors find the ADSs less attractive as a result, there may be a less active trading market for the ADSs and our share price may be more volatile.

Sales of a substantial number of our ordinary shares or ADSs in the public market could cause our share price to fall.

If our existing shareholders sell, indicate an intention to sell, or the market perceives that they intend to sell, substantial amounts of our securities, either on the TASE or on the NASDAQ Capital Market after this offering, the market price of our securities could decline significantly. On an as-converted basis as of , 2016, upon the closing of this offering, we will have outstanding a total of ordinary shares, all of which are registered and available for sale in Israel, assuming no exercise of the underwriters' option to purchase additional shares. As of the date of this prospectus, the ADSs being sold in this offering, plus any ADSs sold upon exercise of the underwriters' option to purchase additional shares, will be freely tradable, without restriction, on the NASDAQ Capital Market immediately following this offering, assuming that current shareholders do not purchase ADSs in this offering. publicly held ordinary shares are freely tradable as of the date of this prospectus, and substantially all of the ordinary shares will be available for sale on the TASE beginning

180 days from the date of this prospectus following the expiration of lock-up agreements between our senior management, directors, and certain shareholders and the underwriters. Ladenburg Thalmann & Co. Inc., as representative of the underwriters in this offering, may, however, in their discretion, permit our senior management, directors, and other shareholders who are subject to these lock-up agreements to sell shares prior to the expiration of the lock-up agreements.

After the lock-up agreements expire, based upon the number of ordinary shares, on an as-converted basis, outstanding as of up to an additional ordinary shares will be eligible for sale in the public market, of which shares are held by directors, senior management, and other affiliates and will be subject to Rule 144 under the Securities Act of 1933, as amended, or the Securities Act.

In addition, as of , an aggregate of ordinary shares that are either subject to outstanding options or subject to outstanding warrants will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. If these additional ordinary shares are sold, or if it is perceived that they will be sold, in the public market, the market price of our ordinary shares could decline.

Future sales and issuances of our securities or rights to purchase securities, including pursuant to our equity incentive plans, could result in additional dilution of the percentage ownership of our shareholders and could cause the prices of our securities to fall.

Additional capital will be needed in the future to continue our planned operations. To the extent we raise additional capital by issuing equity securities, our shareholders may experience substantial dilution. We may sell ordinary shares, ADSs, convertible securities, or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell ordinary shares, ADSs, convertible securities, or other equity securities in one or more transactions, existing investors may be materially diluted by subsequent sales, and new investors could gain rights superior to our existing shareholders.

Pursuant to our Share Ownership and Option Plan (2010), our management is authorized to grant share options and other equity-based awards to our employees, directors, and consultants. As of , 2016, our employees, officers, and consultants hold options. If our board of directors elects to increase the number of shares available for future grant by the maximum amount each year, our shareholders may experience additional dilution, which could cause our share price to fall.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this offering, including for any of the purposes described in the section entitled "Use of Proceeds," and you will not have the opportunity as part of your investment decision to assess whether the net proceeds are being used appropriately. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in investment-grade, interest-bearing securities. These investments may not yield a favorable return to our shareholders.

We do not intend to pay dividends on our securities, so any returns will be limited to the value of our shares.

We have never declared or paid any cash dividends on our share capital. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends for the foreseeable future. Any return to

shareholders will therefore be limited to the appreciation of their shares. In addition, Israeli law limits our ability to declare and pay dividends, and may subject our dividends to Israeli withholding taxes. As a result, investors in the ADSs or ordinary shares will not be able to benefit from owning these securities unless their market price becomes greater than the price paid by such investors and they are able to sell such securities. We cannot assure you that you will ever be able to resell our securities at a price in excess of the price paid.

In the event we make distributions or dividends, you may not receive the same distributions or dividends as those we make to the holders of our ordinary shares, and, in some limited circumstances, you may not receive dividends or other distributions, or receive any value for them, if it is illegal or impractical to make them available to you.

The depositary for the ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying the ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act, but that are not properly registered or distributed under an applicable exemption from registration. In addition, conversion into U.S. dollars from foreign currency that was part of a dividend made with respect to deposited ordinary shares may require the approval or license of, or a filing with, any government or agency thereof, which may be unobtainable. In these cases, the depositary may determine not to distribute such property and hold it as "deposited securities" or may seek to effect a substitute dividend or distribution, including net cash proceeds from the sale of the dividends that the depositary deems an equitable and practicable substitute. We have no obligation to register under U.S. securities laws any ordinary shares, rights, or other securities made available through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights, or anything else to holders of ADSs. In addition, the depositary may withhold from such dividends or distributions its fees and an amount on account of taxes or other governmental charges to the extent the depositary believes it is required to make such withholding. This means that you may not receive the same distributions or dividends as those we make to the holders of our ordinary shares, and, in some limited circumstances, you may not receive any value for such distributions or dividends if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the ADSs.

Holders of ADSs must act through the depositary to exercise their rights.

Holders of the ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares in accordance with the provisions of the deposit agreement for the ADSs. In general, under Israeli law, the minimum notice period required to convene a shareholders' meeting is no less than 35 or 21 calendar days, depending on the proposals on the agenda for the shareholders' meeting. When a shareholders' meeting is convened, holders of the ADSs may not receive sufficient notice of a shareholders' meeting to permit them to withdraw their ordinary shares to allow them to cast their vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting materials to holders of the ADSs or carry out their voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to holders of the ADSs in a timely manner, but we cannot assure holders that they will receive the voting materials in time to ensure that they can instruct the depositary to vote their ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, holders of the ADSs may not be able to exercise their right to vote, and they may lack recourse if their ADSs are not voted as they requested. In addition, in the capacity as a holder of ADSs, they will not be able to call a shareholders' meeting.

You may be subject to limitations on transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer, or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body or for any other reason in accordance with the terms of the deposit agreement. See the section of this prospectus titled "Description of American Depositary Shares."

Your percentage ownership in us may be diluted by future issuances of share capital, which could reduce your influence over matters on which shareholders vote.

Following the completion of this offering, our board of directors will have the authority, in most cases without action or vote of our shareholders, to issue all or any part of our authorized but unissued shares, including ordinary shares issuable upon the exercise of outstanding options and warrants. Issuances of additional shares would reduce your influence over matters on which our shareholders vote.

If equity research analysts do not publish research reports about our business or if they issue unfavorable commentary or downgrade the ADSs, the price of the ADSs could decline.

The trading market for the ADSs will rely in part on the research and reports that equity research analysts publish about us and our business. The price of the ADSs could decline if we do not obtain research analyst coverage or if one or more securities analysts downgrade the ADSs, issue other unfavorable commentary, or cease publishing reports about us or our business.

Risks Related to Our Incorporation and Operations in Israel

We are a "foreign private issuer" and intend to follow certain home country corporate governance practices, and our shareholders may not have the same protections afforded to shareholders of companies that are subject to all NASDAQ corporate governance requirements.

As a foreign private issuer, we will be permitted, and intend, to follow certain home country corporate governance practices instead of those otherwise required under the NASDAQ Stock Market for domestic U.S. issuers. For instance, we intend to follow home country practice in Israel with regard to the quorum requirement for shareholder meetings. As permitted under the Israeli Companies Law, 5759-1999, or the Companies Law, our articles of association provide that the quorum for any meeting of shareholders shall be the presence of at least two shareholders present in person, by proxy, or by a voting instrument, who hold at least 25% of the voting power of our shares. We may in the future (or may be required to) elect to follow home country practices in Israel (and consequently avoid the requirements that would otherwise apply to a U.S. company listed on the NASDAQ Capital Market) with regard to other matters, as well, such as the formation of compensation, nominating, and governance committees, separate executive sessions of independent directors and non-management directors, and the requirement to obtain shareholder approval for certain dilutive events (such as for the establishment or amendment of certain equity-based compensation plans, issuances that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company, and certain acquisitions of the stock or assets of another company), amending our compensation policy from time to time, and the approval of certain interested-parties transactions. Following our home country governance practices as opposed to the requirements that would otherwise apply to a U.S. company listed on the NASDAQ Capital Market may provide less protection to you than what is accorded to investors under the NASDAQ Stock

Market rules applicable to domestic U.S. issuers. See "Management—Corporate Governance Practices" for more information.

In addition, as a foreign private issuer, we will be exempt from the rules and regulations under the Exchange Act related to the furnishing and content of proxy statements, including the requirement for an emerging growth company to disclose the compensation of the chief executive officer and other two highest compensated executive officers on an individual, rather than aggregate, basis. As long as our securities are traded on the TASE and to the extent that we will adopt U.S. reporting duties, we will not be required to report in Israel under Israeli reporting regulations pursuant to the Israeli Securities Law. Under the Israeli Companies Law, we will be required to disclose in the notice for our annual meetings of shareholders, the annual compensation of our five most highly compensated officers on an individual basis, rather than aggregate. However, this disclosure will not be as extensive as the disclosure required by a U.S. domestic issuer.

We would lose our foreign private issuer status if a majority of our directors or executive officers are U.S. citizens or residents, and we fail to meet additional requirements necessary to avoid loss of foreign private issuer status. Although we have elected to comply with certain U.S. regulatory provisions, our loss of foreign private issuer status would make such provisions mandatory. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic reporting company may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic reporting company forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. We may also be required to modify certain of our policies to comply with accepted governance practices associated with U.S. domestic reporting companies. Such conversion and modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on U.S. stock exchanges that are available to foreign private issuers.

Potential political, economic, and military instability in the State of Israel, where the majority of our senior management and our research and development facilities are located, may adversely impact our results of operations.

We are incorporated under Israeli law and our offices and operations are located in the State of Israel. In addition, our employees, officers, and all but two of our directors are residents of Israel. Accordingly, political, economic, and military conditions in Israel directly affect our business. Since the State of Israel was established in 1948, a number of armed conflicts have occurred between Israel and its neighboring countries. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners, or a significant downturn in the economic or financial condition of Israel, could adversely impact our operations. Since October 2000, there have been increasing occurrences of terrorist violence. Ongoing and revived hostilities or other Israeli political or economic factors could harm our operations, product development and results of operations.

Although Israel has entered into various agreements with Egypt, Jordan, and the Palestinian Authority, there has been an increase in unrest and terrorist activity, which began in October 2000 and has continued with varying levels of severity. The establishment in 2006 of a government in the Gaza Strip by representatives of the Hamas militant group has created additional unrest and uncertainty in the region. In 2006, a conflict between Israel and the Hezbollah in Lebanon resulted in thousands of rockets being fired from Lebanon up to 50 miles into Israel. Starting in December 2008, for approximately three weeks, Israel engaged in an armed conflict with Hamas in the Gaza Strip, which involved missile strikes against civilian targets in various parts of Israel and negatively affected business conditions in Israel. In November 2012, for approximately one week, Israel experienced a similar armed conflict, resulting in hundreds of rockets being fired from the Gaza Strip and disrupting most day-to-day civilian activity in southern Israel. Most recently, in July 2014, Israel yet again experienced rocket strikes against civilian targets in various parts of Israel, as part of an armed conflict commenced

between Israel and Hamas. If continued or resumed, these hostilities may negatively affect business conditions in Israel in general and our business in particular. Our insurance policies do not cover us for the damages incurred in connection with these conflicts or for any resulting disruption in our operations. The Israeli government, as a matter of law, provides coverage for the reinstatement value of direct damages that are caused by terrorist attacks or acts of war; however, the government may cease providing such coverage or the coverage might not be enough to cover potential damages. In the event that hostilities disrupt the ongoing operation of our facilities or the airports and seaports on which we depend to import and export our supplies and product candidates, our operations may be materially adversely affected.

In addition, since the end of 2010, numerous acts of protest and civil unrest have taken place in several countries in the Middle East and North Africa, many of which involved significant violence. The civil unrest in Egypt, which borders Israel, resulted in the resignation of its president Hosni Mubarak, and to significant changes to the country's government. In Syria, also bordering Israel, a civil war is continuing to take place. The ultimate effect of these developments on the political and security situation in the Middle East and on Israel's position within the region is not clear at this time. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and certain other countries.

Popular uprisings in various countries in the Middle East and North Africa are affecting the political stability of those countries. Such instability may lead to deterioration in the political and trade relationships that exist between the State of Israel and these countries. Several countries, principally in the Middle East, still restrict doing business with Israel and Israeli companies, and additional countries may impose restrictions on doing business with Israel and Israeli companies if hostilities in Israel or political instability in the region continues or increases. Any hostilities involving Israel, interruption or curtailment of trade between Israel and its present trading partners, or significant downturns in the economic or financial condition of Israel could adversely affect our operations and product development and adversely affect our share price. Similarly, Israeli companies are limited in conducting business with entities from several countries. For instance, in 2008, the Israeli legislature passed a law forbidding any investments in entities that transact business with Iran.

In addition, Iran has threatened to attack Israel and is widely believed to be developing nuclear weapons. Iran is also believed to have a strong influence among extremist groups in the region, such as Hamas in Gaza, Hezbollah in Lebanon, and various rebel militia groups in Syria. Additionally, a violent jihadist group named Islamic State of Iraq and Levant (ISIL) is involved in hostilities in Iraq and Syria and has been growing in influence. Although ISIL's activities have not directly affected the political and economic conditions in Israel, ISIL's stated purpose is to take control of the Middle East, including Israel. These situations may potentially escalate in the future to more violent events which may affect Israel and us. Any armed conflicts, terrorist activities, or political instability in the region could adversely affect business conditions and could harm our results of operations and could make it more difficult for us to raise capital. Parties with whom we do business may decline to travel to Israel during periods of heightened unrest or tension, forcing us to make alternative arrangements when necessary in order to meet our business partners face to face. In addition, the political and security situation in Israel may result in parties with whom we have agreements involving performance in Israel claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions in such agreements. Further, in the past, the State of Israel and Israeli companies have been subjected to economic boycotts. Several countries still restrict business with the State of Israel and with Israeli companies. These restrictive laws and policies may have an adverse impact on our operating results, financial condition, or the expansion of our business.

Our operations may be disrupted by the obligations of personnel to perform military service.

As of June 30, 2016, we had 37 employees, all of whom were based in Israel. Some of our employees may be called upon to perform up to 36 days (and in some cases more) of annual military reserve duty until they reach the age of 40 (and in some cases, up to 45 or older) and, in emergency circumstances, could be called to immediate and unlimited active duty. In the event of severe unrest or other conflict, individuals could be required to serve in the military for extended periods of time. Since September 2000, in response to increased tension and hostilities, there have been occasional call-ups of military reservists, including in connection with the 2006 conflict in Lebanon, and the December 2008, November 2012 and July 2014 conflicts with Hamas, and it is possible that there will be additional call-ups in the future. Our operations could be disrupted by the absence of a significant number of our employees related to military service or the absence for extended periods of one or more of our key employees for military service. Such disruption could materially adversely affect our business and results of operations. Additionally, the absence of a significant number of the employees of our Israeli suppliers and contractors related to military service or the absence for extended periods of one or more of their key employees for military service may disrupt their operations.

The tax benefits that are available to us if and when we generate taxable income require us to meet various conditions and may be prevented or reduced in the future, which could increase our costs and taxes.

If and when we generate taxable income, we may be eligible for certain tax benefits provided to "Preferred Enterprises" under the Israeli Law for the Encouragement of Capital Investments, 5719-1959, as amended, or the Investment Law. The benefits that may be available to us under the Investment Law are subject to the fulfillment of conditions stipulated in the Investment Law. Further, in the future these tax benefits may be reduced or discontinued. If these tax benefits are reduced, cancelled, or discontinued, our Israeli taxable income would be subject to regular Israeli corporate tax rates. The standard corporate tax rate for Israeli companies is currently 25%. Additionally, if we increase our activities outside of Israel through acquisitions, for example, our expanded activities might not be eligible for inclusion in future Israeli tax benefit programs. See "Taxation and Government Programs—Israeli Tax Considerations and Government Programs—Law for the Encouragement of Capital Investments, 5719-1959."

It may be difficult to enforce a U.S. judgment against us, our officers and directors, and the Israeli experts named in this prospectus in Israel or the United States, or to assert U.S. securities laws claims in Israel or serve process on our officers and directors and these experts.

We were incorporated in Israel, and our corporate headquarters and substantially all of our operations are located in Israel. All of our senior management and all but two of our directors, and the Israeli experts named in this prospectus, are located in Israel. All of our assets are located outside the United States. Therefore, it may be difficult for an investor, or any other person or entity, to enforce a U.S. court judgment based upon the civil liability provisions of the U.S. federal securities laws against us or any of these persons in a U.S. or Israeli court, or to effect service of process upon these persons in the United States. Additionally, it may be difficult for an investor, or any other person or entity, to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws against us or our officers and directors on the grounds that Israel is not the most appropriate forum in which to bring such a claim. Even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. See "Enforceability of Civil Liabilities."

Your rights and responsibilities as our shareholder will be governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. corporations.

Because we are incorporated under Israeli law, the rights and responsibilities of our shareholders are governed by our articles of association and Israeli law. These rights and responsibilities differ in some material respects from the rights and responsibilities of shareholders of U.S. corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on certain matters, such as an amendment to the company's articles of association, an increase of the company's authorized share capital, a merger of the company, and approval of related party transactions that require shareholder approval. A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, a controlling shareholder or a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of an officer of the company has a duty to act in fairness towards the company with regard to such vote or appointment. However, Israeli law does not define the substance of this duty of fairness. There is limited case law available to assist us in understanding the nature of this duty or the implications of these provisions. These provisions may be interpreted to impose additional obligations and liabilities on our shareholders that are not typically imposed on shareholders of U.S. corporations. See "Management—Approval of Related Party Transactions under Israeli Law—Shareholders' Duties."

Provisions of Israeli law and our amended and restated articles of association could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our shareholders.

Israeli law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers, or significant shareholders and regulates other matters that may be relevant to such types of transactions. For example, a tender offer for all of a company's issued and outstanding shares, or a Full Tender Offer, can only be completed if the acquirer receives approval of the holders of at least 95% of the issued share capital. Completion of the Full Tender Offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer, unless at least 98% of the company's outstanding shares are tendered. Furthermore, the shareholders, including those who indicated their acceptance of the Full Tender Offer (unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek appraisal rights), may, at any time within six months following the completion of the tender offer, petition an Israeli court to alter the consideration for the acquisition. In case the Full Tender Offer has not been accepted by the required threshold, the offeror is limited to acquire shares that will confer on the offeror a holding of not more than 90% of the issued share capital of the company. See "Description of Our Ordinary Shares—Acquisitions under Israeli Law" for additional information.

Further, Israeli tax considerations may make potential transactions undesirable to us or to some of our shareholders whose country of residence does not have a tax treaty with Israel granting tax relief to such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances but makes the deferral contingent on the fulfillment of a number of conditions, including, in some cases, a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are subject to certain restrictions. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when such time expires, the tax becomes payable even if no disposition of the shares has occurred.

We have received Israeli government grants for certain research and development expenditures. The terms of these grants and loans may require us to satisfy specified conditions in order to manufacture products and transfer technologies outside of Israel.

We expect to be classified as a passive foreign investment company for U.S. federal income tax purposes, and our U.S. shareholders may suffer adverse tax consequences as a result.

Generally, if, for any taxable year, either, at least 75% of our gross income is passive income (including our pro-rata share of the gross income of our 25% or more-owned corporate subsidiaries), or at least 50% of the average value of our assets (including our pro-rata share of the assets of our 25% or more-owned corporate subsidiaries) is attributable to assets that produce passive income or are held for the production of passive income, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Passive income generally includes dividends, interest, and gains from disposition of passive assets and rents and royalties.

If we are characterized as a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. holder (as defined below) of our securities, our U.S. shareholders may suffer adverse tax consequences, including increased U.S. federal income tax liability upon a sale or other disposition of our securities or the receipt of certain excess distributions from the loss of the preferential rate applicable to dividends received on our ordinary shares, interest charges that apply to distributions by us, and additional reporting requirements. See "Taxation—Material U.S. Federal Income Tax Consequences—Passive Foreign Investment Company Consequences."

Our status as a PFIC may also depend, in part, on how quickly we utilize the cash proceeds from this offering in our business. Since PFIC status depends on the composition of our income and the composition and value of our assets (which, assuming we are not a CFC for the year being tested, may be determined in large part by reference to the market value of our ordinary shares, which may be volatile) from time to time, there can be no assurance that we will not be considered a PFIC for any taxable year. However, because we had no revenue-producing operations to date, we believe that we were a PFIC for our 2015 taxable year. Unless and until we generate sufficient revenue from sales and other non-passive sources and otherwise satisfy the asset test above, we expect to be treated as a PFIC.

U.S. investors are urged to consult their own tax advisors regarding the possible application of the PFIC rules. For more information, see "Taxation—Material U.S. Federal Income Tax Consequences—Passive Foreign Investment Company Consequences."

Our facilities in Israel are subject to local Business Licensing and Planning and Zoning regulations and we may be subject to fines if not complied with.

Under the Israeli Licensing of Businesses Law, to which our production site and offices and laboratories are subject, operating a business without a license or temporary permit is a criminal offense. We have a business license for our laboratories and offices, in effect until December 31, 2019. We also have a temporary business license for our plant growth and production site at Yessod Hama'ala, in effect until November 5, 2016. We expect to receive a permanent business license for this site; however, there is no assurance that a permanent business license will be issued on a timely basis or at all. In addition, our production sites and laboratories are subject to the Israeli Planning and Zoning Law, which sets provisions and obligations, *inter alia*, regarding the licensing process for a new building, including building permits, non-conforming use and easements, the supervision over its construction, and the required occupancy permits. According to the Planning and Building Law, work or use of land without a permit, where such permit is required, a deviation from the permit granted, or use of agricultural land in violation of the law constitute criminal offenses.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements made under "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and elsewhere in this prospectus constitute forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "project," "anticipates," "believes," "estimates," "predicts," "potential," "intends," or "continue," or the negative of these terms or other comparable terminology.

These forward-looking statements may include, but are not limited to, statements relating to our objectives, plans, and strategies; statements that contain projections of results of operations or of financial condition; statements relating to the research, development, and use of our products; and all statements (other than statements of historical facts) that address activities, events, or developments that we intend, expect, project, believe, or anticipate will or may occur in the future.

Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. We have based these forward-looking statements on assumptions and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments, and other factors they believe to be appropriate.

Important factors that could cause actual results, developments, and business decisions to differ materially from those anticipated in these forward-looking statements include, among other things:

- the overall global economic environment;
- the impact of competition and new technologies;
- general market, political, and economic conditions in the countries in which we operate;
- projected capital expenditures and liquidity;
- changes in our strategy;
- government regulations and approvals;
- litigation and regulatory proceedings; and
- those factors referred to in "Risk Factors," "Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as in this prospectus generally.

These statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual results, levels of activity, performance, or achievements to be materially different from those anticipated by the forward-looking statements. We discuss many of these risks in this prospectus in greater detail under the heading "Risk Factors" and elsewhere in this prospectus. You should not rely upon forward-looking statements as predictions of future events.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. Except as required by law, we are under no duty to update or revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this prospectus.

EXCHANGE RATE INFORMATION

The following table sets forth information regarding the exchange rates of U.S. dollars per NIS for the periods indicated. Average rates are calculated by using the daily representative rates as reported by the Bank of Israel on the last day of each month during the periods presented.

	NIS per U.S. dollar			
Year Ended December 31,	High	Low	Average	Period End
2015	4.053	3.761	3.888	3.902
2014	3.994	3.402	3.592	3.889
2013	3.791	3.471	3.600	3.471
2012	4.084	3.700	3.843	3.733
2011	3.821	3.363	3.581	3.821

The following table sets forth the high and low daily representative rates for the NIS as reported by the Bank of Israel for each of the prior six months.

	NIS per U.S. dollar			
Month Ended	High	Low	Average	Period End
June 2016	3.900	3.818	3.857	3.846
May 2016	3.879	3.746	3.813	3.850
April 2016	3.819	3.758	3.778	3.761
March 2016	3.912	3.766	3.868	3.766
February 2016	3.964	3.871	3.908	3.910
January 2016	3.983	3.913	3.951	3.951

On July 25, 2016, the closing representative rate was $1.00 to NIS 3.846, as reported by the Bank of Israel.

PRICE RANGE OF OUR ORDINARY SHARES

Our ordinary shares have traded on the TASE under the symbol "CLPT" since May 2010. As of July 25, 2016, we had 320,237,991 ordinary shares outstanding.

The initial offering price will be determined based primarily upon the closing price of our ordinary shares on the TASE immediately prior to the pricing of the offering. The average daily trading volume of our ordinary shares on the TASE during the six months ended June 30, 2016 was 1.1 million ordinary shares, or 0.3% of our total outstanding ordinary shares as of June 30, 2016, and the total trading volume for the six months ended June 30, 2016 was in excess of 129 million shares.

The following table shows the annual, quarterly, and monthly ranges of the high and low per share sale price for our ordinary shares as reported by the TASE in NIS and U.S. dollars. U.S. dollar

amounts per ordinary share are provided using the U.S. dollar representative rate of exchange on the date to which the high or low market price is applicable, as reported by the Bank of Israel.

	NIS Price Per Ordinary Share		U.S. Dollar Price Per Ordinary Share	
	High	Low	High	Low
Annual:				
2015	0.85	0.22	0.22	0.06
2014	0.30	0.15	0.08	0.04
2013	0.41	0.20	0.12	0.05
2012	0.61	0.36	0.16	0.09
2011	1.31	0.43	0.37	0.12
Quarterly:				
Third Quarter 2016 (through July 25, 2016)	0.35	0.29	0.09	0.08
Second Quarter 2016	0.45	0.31	0.12	0.08
First Quarter 2016	0.52	0.40	0.13	0.10
Fourth Quarter 2015	0.67	0.46	0.17	0.12
Third Quarter 2015	0.85	0.44	0.22	0.11
Second Quarter 2015	0.74	0.36	0.19	0.09
First Quarter 2015	0.52	0.22	0.13	0.06
Fourth Quarter 2014	0.23	0.15	0.06	0.04
Third Quarter 2014	0.26	0.22	0.08	0.06
Second Quarter 2014	0.28	0.24	0.08	0.07
First Quarter 2014	0.30	0.25	0.08	0.07
Most Recent Six Months:				
June 2016	0.37	0.31	0.10	0.08
May 2016	0.43	0.39	0.11	0.10
April 2016	0.45	0.41	0.12	0.11
March 2016	0.48	0.40	0.13	0.10
February 2016	0.49	0.42	0.12	0.11
January 2016	0.52	0.45	0.13	0.12

Since March 2015, the ADSs have been quoted on OTCQX under the symbol "CQPTY." On , 2016, the last reported bid price of the ADSs on OTCQX was $ per ADS. Assuming that the ADSs are listed for trading on the NASDAQ Capital Market, the quoting of the ADSs on OTCQX will be discontinued prior to the completion of this offering.

USE OF PROCEEDS

We estimate that the net proceeds to us from our issuance and sale of of the ADSs in this offering will be approximately $, based on an assumed initial public offering price of $ per ADS, the U.S. dollar equivalent of the closing price of our ordinary shares on the TASE on , 2016, after giving effect to a share-to-ADS ratio of -to-1 and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

If the underwriters' option to purchase additional ADSs in this offering is exercised in full, we estimate that the net proceeds from this offering will be approximately $, based on an assumed offering price of $ per ADS, the U.S. dollar equivalent of the closing price of our ordinary shares on the TASE on , 2016, after giving effect to a share-to-ADS ratio of -to-1 and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We currently expect to use the net proceeds from this offering for:

- conducting research and development activities in order to expand our pipeline of product candidates and pursue additional indications for our existing product candidates, estimated at approximately $;
- the scale-up of our manufacturing capabilities, estimated at approximately $;
- the establishment of sales and marketing capabilities for the European market, estimated at approximately $; and
- the remainder for working capital and general corporate purposes, including funding the costs of operating as a public company in the United States and Israel.

These expected uses of net proceeds from this offering represent our intentions based upon our current plans and business conditions which could change in the future as our plans and business conditions evolve. The amounts and timing of our actual expenditures may vary significantly and will depend upon numerous factors, including the progress of our development and commercialization efforts, the status of and results from our clinical trials and preclinical studies, whether or not we enter into strategic collaborations or partnerships, the amount of cash available from other sources, and our operating costs and expenditures. Accordingly, our management will have significant flexibility and broad discretion in applying the net proceeds of this offering.

We expect proceeds from this offering to meet our capital requirements for at least the next three years. The proceeds of this offering will not be sufficient to achieve any additional marketing approval of our candidates beyond CE marking certification for VergenixSTR and Vergenix FG. We will need substantial additional capital in order to independently pursue FDA or other regulatory approvals of any of our product candidates. The ability to pursue further regulatory approvals of our product candidates will be dependent upon, among other things, our ability to enter into partnerships and collaborations, to execute additional financings, and to generate net income from our operations.

Pending these uses, we intend to invest the net proceeds in low-risk, high-quality, investment-grade instruments, certificates of deposit, or direct or guaranteed obligations of the U.S. government or other governments, or hold as cash.

We have no current commitments or binding agreements with respect to any material acquisition of or investment in any technologies, products, or companies other than our own plans and business.

DIVIDEND POLICY

Since our merger in 2010 with CollPlant Ltd., we have not declared or paid any cash dividends on our ordinary shares and do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings, if any, for use in the operation of our business and to fund future growth. Payment of cash dividends, if any, in the future will depend on our financial condition, operating results, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

If we do decide to declare or pay any cash dividend, the depositary has agreed to pay the ADS holders the dividends it receives, after deducting its fees and expenses. See "Description of American Depositary Shares—Dividends and Other Distributions."

The Israeli Companies Law imposes further restrictions on our ability to declare and pay dividends. See "Description of Our Ordinary Shares—Dividend and Liquidation Rights" for additional information.

Payment of dividends may be subject to Israeli withholding taxes. See "Taxation—Israeli Tax Considerations" for additional information.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2016 (unless stated otherwise):

- on an actual basis; and
- on an as adjusted basis, to reflect the issuance and sale of ADSs in this offering at an assumed initial public offering price of $ per ADS, the U.S. dollar equivalent of the closing price of our ordinary shares on the TASE on , 2016, after giving effect to a share-to-ADS ratio of -to-1 and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us as if the sale of ADSs had occurred on March 31, 2016.

The as adjusted column below is illustrative only. Our cash and cash equivalents and capitalization following the closing of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at the pricing of this offering. You should read the following table in conjunction with the sections titled "Selected Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Description of Our Ordinary Shares," "Description of American Depositary Shares," and our financial statements and related notes included elsewhere in this prospectus.

	Actual, as of March 31, 2016 (NIS in thousands)	As adjusted, as of March 31, 2016 (NIS in thousands)	Actual, as of March 31, 2016 (Convenience translation into USD in thousands(1))	As adjusted, as of March 31, 2016 (Convenience translation into USD in thousands(1))
Cash and cash equivalents	5,738		1,523	
Total liabilities	3,587		953	
Shareholders' equity:				
Ordinary shares, par value NIS 0.01 per share— 1,500,000,000 shares authorized at March 31, 2016; 283,673,107 shares issued and outstanding at March 31, 2016	2,837		753	
Additional paid-in capital	147,890		39,270	
Accumulated deficit	(139,811)		(37,125)	
Total shareholders' equity	10,916		2,898	
Total liabilities and equity	14,503		3,851	

(1) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016 at the rate of one U.S. dollar per NIS 3.766.

The outstanding share information in the table above is based on 283,673,107 ordinary shares outstanding as of March 31, 2016, excluding the following as of such date:

- 45,532,659 ordinary shares issuable upon the exercise of outstanding options at a weighted average exercise price of NIS 0.59 ($0.16) per share;
- 88,337,260 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.70 ($0.19) per share;
- 23,041,309 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.80 ($0.21) per share;

- 4,152,764 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.8478 ($0.23) per share; and

- 8,618,855 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.575 ($0.15) per share.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS, the U.S. dollar equivalent of the closing price of our ordinary shares on the TASE on , 2016, after giving effect to a share-to-ADS ratio of -to-1 and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, would increase (decrease) the as adjusted amount of each of cash and cash equivalents, additional paid-in capital, total shareholders' equity (deficit), and total capitalization by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase (decrease) of 100,000 in the number of ADSs we are offering would increase (decrease) the as adjusted amount of cash and cash equivalents, additional paid-in capital, working capital, total shareholders' equity (deficit), and total capitalization by approximately $ million, assuming the assumed initial public offering price of $ per ADS, the U.S. dollar equivalent of the closing price of our ordinary shares on the TASE on , 2016, after giving effect to a share-to-ADS ratio of -to-1, as set forth on the cover page of this prospectus, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

DILUTION

If you invest in the ADSs, you will experience immediate and substantial dilution to the extent of the difference between the initial public offering price of the ADSs and the as adjusted net tangible book value per share of the ADSs immediately after this offering. Dilution results from the fact that the per initial public offering price per ADS is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our historical net tangible book value per share or per ADS is determined by dividing our total tangible assets, less total liabilities, by the actual number of outstanding ordinary shares or the total number of ADSs that would represent such actual number of shares based on a share-to-ADS ratio of -to-1. Our historical net tangible book value as of March 31, 2016, was $2.4 million representing $0.009 per ordinary share or $ per ADS (using the ratio of ordinary shares to one ADS).

Our as adjusted net tangible book value as of March 31, 2016 was $, representing $ per ordinary share or $ per ADS (using the ratio of ordinary shares to one ADS). The as adjusted net tangible book value gives effect to the sale of ADSs in this offering at an assumed initial public offering price of $ per ADS, the U.S. dollar equivalent of the closing price of our ordinary shares on the TASE on , 2016, after giving effect to a share-to-ADS ratio of -to-1 and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The as adjusted net tangible book value per share after the offering is calculated by dividing the as adjusted net tangible book value of $, by , which is equal to outstanding ordinary shares. The difference between the initial public offering price per ADS and the as adjusted net tangible book value per ADS represents an immediate dilution of $ per ADS to new investors purchasing ADSs in this offering.

The following table illustrates this dilution on a per ADS basis to new investors:

Assumed initial public offering price per ADS		$
Historical net tangible book value per ADS before this offering, as of March 31, 2016	$	
Increase in net tangible book value per ADS attributable to new investors participating in this offering	$	
As adjusted net tangible book value per ADS after this offering		$
Dilution per ADS to new investors participating in this offering		$
Percentage of dilution in net tangible book value per ADS for new investors participating in this offering		%

If the underwriters' over-allotment option to purchase additional ADSs from us is exercised in full, and based on an assumed initial public offering price of $ per ADS, the U.S. dollar equivalent of the closing price of our ordinary shares on the TASE on , 2016, after giving effect to a share-to-ADS ratio of -to-1 and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, the as adjusted net tangible book value per ADS after this offering would be approximately $ per ADS, the increase in the as adjusted net tangible book value per ADS attributable to new investors would be approximately $ per ADS, and the dilution to new investors purchasing ADSs in this offering would be approximately $ per ADS.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per ADS, the U.S. dollar equivalent of the closing price of our ordinary shares on the TASE on , 2016, after giving effect to a share-to-ADS ratio of -to-1 and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, would increase (decrease) our as adjusted net tangible book value per ADS after this offering by $ and the dilution per ADS to new investors by $, assuming the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions

and estimated offering expenses payable by us. We may also increase or decrease the number of ADSs we are offering. Similarly, each increase (decrease) of 1,000,000 shares in the number of ADSs offered would increase (decrease) the dilution to new investors by $ per share or $ per share, respectively, assuming the assumed initial public offering price remains the same and after deducting the estimated underwriting discounts and commissions. The as adjusted information discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

The table below summarizes as of March 31, 2016, on the as adjusted basis described above, the number of ordinary shares we issued and sold (treating each ADS as ordinary shares), the total consideration we received and the average price per ordinary share (i) paid by our existing shareholders, and (ii) to be paid by new investors purchasing the ADSs in this offering at the initial public offering price of $ per ADS (treating each ADS as ordinary shares), before deducting underwriting discounts and commissions and estimated offering expenses payable by us.

	Ordinary Shares		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing shareholders		%$		%$	
New investors (treating each ADS as ordinary shares)		%$		%$	
Total		100.0%$		100.0%$	

If the underwriters' over-allotment option is exercised in full, the percentage of ordinary shares held by existing shareholders will be reduced to % of the total number of shares of our ordinary shares outstanding after this offering, and the number of shares held by new investors (treating each ADS as ordinary shares) will increase to shares, or % of the total number of ordinary shares outstanding after this offering.

The outstanding share information in the table above is based on 283,673,107 ordinary shares outstanding as of March 31, 2016, excluding the following, as of such date:

- 45,532,659 ordinary shares issuable upon the exercise of outstanding options at a weighted average exercise price of NIS 0.59 ($0.16) per share;
- 88,337,260 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.70 ($0.19) per share;
- 23,041,309 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.80 ($0.21) per share;
- 4,152,764 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.8478 ($0.23) per share; and
- 8,618,855 ordinary shares issuable upon the exercise of outstanding warrants at an exercise price of NIS 0.575 ($0.15) per share.

To the extent that options or warrants are exercised, new options or other share-based awards are issued, or we issue additional ordinary shares in the future, there will be further dilution to investors participating in this offering. In addition, we may choose to raise additional capital because of market conditions or strategic considerations, even if we believe that we have sufficient funds for our current or future operating plans. If we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our shareholders and ADS holders.

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the following selected financial data in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements, related notes and other financial information included elsewhere in this prospectus.

The statement of comprehensive loss data for the years ended December 31, 2014 and 2015 and the statement of financial position data as of December 31, 2014 and 2015 are derived from our audited financial statements included elsewhere in this prospectus. The statement of comprehensive loss data for the three-month period ended March 31, 2015 and 2016 and the statement of financial position data as of March 31, 2016 are derived from our unaudited financial statements included elsewhere in this prospectus, Our historical results are not necessarily indicative of the results that should be expected in the future. Our financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

	Year ended December 31,			Three months ended March 31,		
	2014	2015	2015	2015	2016	2016
	(NIS in thousands except per share data)		(Convenience translation into USD in thousands except per share data(1))	(NIS in thousands except per share data)		(Convenience translation into USD in thousands except per share data(1))
Statement of comprehensive loss data:						
Research and development expenses	14,879	22,919	6,086	4,029	8,319	2,209
Participation in research and development expenses	(5,145)	(11,055)	(2,935)	(1,550)	(2,915)	(774)
Research and development expenses, net	9,734	11,864	3,151	2,479	5,404	1,435
General, administrative and marketing expenses	3,906	6,950	1,845	1,114	2,035	540
Operating loss	13,640	18,814	4,996	3,593	7,439	1,975
Financial income	(642)	(215)	(57)	(145)	(3)	(1)
Financial expenses	25	51	13	19	191	51
Financial expenses (income), net	(617)	(164)	(44)	(126)	188	50
Loss	13,023	18,650	4,952	3,467	7,627	2,025
Loss per ordinary share, basic and diluted	0.05	0.07	0.02	0.01	0.03	0.01
Weighted average ordinary shares outstanding, basic and diluted	241,280,958	254,018,556		241,392,352	273,905,071	

(1) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016, at the rate of one U.S. dollar per NIS 3.766.

	December 31,			March 31,	
	2014	2015	2015	2016	2016
	(NIS in thousands)		(Convenience translation into USD in thousands(1))		(Convenience translation into USD in thousands(1))
Statement of financial position data:					
Cash and cash equivalents	11,062	5,317	1,412	5,738	1,523
Total assets	16,958	13,529	3,593	14,503	3,851
Total liabilities	2,647	3,750	996	3,587	953
Total equity	14,311	9,779	2,597	10,916	2,898

(1) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016 at the rate of one U.S. dollar per NIS 3.766.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the section titled "Selected Consolidated Financial Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion and other parts of this prospectus contain forward-looking statements that involve risk and uncertainties, such as statements of our plans, objectives, expectations, and intentions. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the section titled "Risk Factors."

Overview

We are a clinical-stage regenerative medicine company focused on developing and commercializing tissue repair products, initially for the orthobiologics and advanced wound care markets. Our product candidates are based on our rhCollagen, a form of human collagen produced with our proprietary plant-based genetic engineering technology. We believe our technology is the only commercially viable technology available for the production of genetically engineered, or recombinant, human collagen. We believe that our rhCollagen, which is identical to the type I collagen produced by the human body, has significant advantages compared to currently available tissue-derived collagens, including improved biofuntionality, superior homogeneity, and reduced risk of immune response. We believe the attributes of our rhCollagen make it suitable for numerous tissue repair applications throughout the human body. We believe that the annual market opportunity for our current product candidates utilizing our rhCollagen within the orthobiologics and advanced wound care markets exceeds $5 billion.

Our first rhCollagen-based product candidate is VergenixSTR, a soft tissue repair matrix which combines cross-linked rhCollagen with platelet-rich plasma, or PRP, a concentrated blood plasma that contains high levels of platelets, and is intended for the treatment of tendinopathy. We are completing an open label, single arm, multi-center clinical trial of VergenixSTR of 40 patients in Israel to demonstrate safety and to evaluate the performance of VergenixSTR in patients suffering from tennis elbow or *lateral epicondylitis*, an inflammation of the tendons that join the forearm muscles on the outside of the elbow. In December 2015, we applied for CE marking, which is required for a product to be marketed in the European Union, following interim results from the first 23 patients enrolled in the trial and in February 2016 we announced final results from the first 20 patients enrolled in the trial. We expect to receive CE marking and announce results from the second 20 patients in the third quarter of 2016; however, there is no assurance that our application for CE marking will be granted on a timely basis or at all.

Our VergenixFG product is a wound-filling flowable gel made from our rhCollagen intended for treatment of deep surgical incisions and wounds, including diabetic ulcers, burns, bedsores, and other chronic wounds. We completed an open label, single arm, multi-center clinical trial of VergenixFG of 20 patients in Israel to demonstrate safety and to evaluate the performance of VergenixFG in patients with hard-to-heal chronic wounds of the lower limbs. In February 2016, we received CE marking certification for VergenixFG and in July 2016 supplied our first order in Europe. To bring our initial two product candidates to market, we intend to first commercialize the products in Europe and then pursue U.S. FDA approval under the PMA regulatory pathway for our rhCollagen-based products.

Our VergenixBVF pre-clinical product candidate is a product platform we are developing for bone repair indications such as spinal fusion and trauma. VergenixBVF is a novel, resorbable scaffold composed of our rhCollagen and synthetic minerals, which can be charged with growth factors to accelerate bone formation and fusion, creating a stronger union. We are collaborating with a U.S.-based corporate collaborator in the development of VergenixBVF, and we are negotiating an agreement with this collaborator, pursuant to a non-binding term sheet entered into on July 9, 2015, for the further development and potential commercialization and supply of a surgical matrix that utilizes VergenixBVF, intended for use in spinal fusion and trauma applications.

Since incorporation of our wholly owned subsidiary CollPlant Ltd. in 2004, which merged with and into CollPlant Holdings Ltd. in 2010, we have achieved a number of significant milestones:

- From 2005 to 2011, we developed our plant-based technology, which we believe is the only commercially viable technology available for the production of recombinant type I human collagen, or rhCollagen.

- In December 2011, we entered into a joint development agreement with Pfizer for the development of a product for the orthopedic market, comprised of a recombinant bone growth protein and our rhCollagen, along with other components. This agreement expired in 2013. This co-development is now continuing with another U.S.-based company, which acquired the rights for commercialization of the protein from Pfizer and to whom Pfizer assigned certain of its rights and obligations under the 2011 joint development agreement. The past work with Pfizer and the current work with the U.S.-based corporate collaborator promote our strategy to position rhCollagen as the "gold standard" platform technology for collagen based products in a broad range of markets, and to commercialize our product candidates through a network of collaborative partners.

- In December 2012, following a successful clinical trial, we received a CE mark for a predecessor wound healing product. This is the first medical device in the world to receive a CE marking that is based on rhCollagen. The product is a sterile, biodegradable advanced wound care sheet supplied in various sizes, composed of rhCollagen that provides a moist wound healing environment. Currently, we are not marketing this product, as we perceive it as a commodity product, and it is not part of the advanced wound care market that is our target market.

- In 2014, we completed the preclinical studies required to launch clinical trials in Israel for two of our product candidates, VergenixSTR and VergenixFG, and we launched clinical trials for Vergenix STR in January 2015 and Vergenix FG in November 2014.

- On July 9, 2015, we signed a non-binding term sheet with a U.S.-based corporate collaborator in the field of orthobiologics, for the further development and potential commercialization and supply of a potential product that combines recombinant bone growth protein with VergenixBVF, along with other components, into a surgical matrix for use in spinal fusion and trauma applications.

- In June 2015, we expanded our VergenixSTR trial to include an additional 20 patients for the purpose of collecting further clinical data to support future sales efforts.

- In November 2015, we announced final results of our clinical trial of VergenixFG, showing full wound closure at four weeks in 45% of the 20 patients treated.

- In December 2015, we announced interim results for our clinical trial of patients suffering from tennis elbow who were treated with VergenixSTR, showing an average Patient Related Tennis Elbow Evaluation, or PRTEE, questionnaire score improvement of 51.3% at three months for the first 23 patients enrolled in the trial. Also in December 2015, we applied for CE marking certification for VergenixSTR.

- In February 2016, we received CE marking certification for VergenixFG, and we announced final results with respect to the first 20 patients enrolled in our VergenixSTR trial, with 90% of patients showing at least a 25% reduction in pain and improvement in motion at six months post treatment, as measured by PRTEE.

- In June 2016, we entered into our first distribution agreement an Italian company to distribute VergenixFG in Italy and in July 2016, we supplied our first order.

To date, we have financed our operations primarily with the net proceeds from private placements and from public offerings of our securities on the TASE, participation in product development collaborations, and government grants from the OCS.

Since our inception, we have incurred significant operating losses. Our net operating losses were NIS 7.6 million for the three months ended March 31, 2016 and NIS 13.0 million and NIS 18.6 million for the years ended December 31, 2014 and 2015, respectively. As of March 31, 2016, we had an accumulated deficit of NIS 139.8 million. We have not generated any material revenue to date from sales of our products.

We expect to continue to incur expenses and operating losses for the foreseeable future. The net losses we incur may fluctuate significantly from quarter to quarter. We anticipate that our expenses will increase substantially if and as we:

- continue our research and preclinical and clinical development of our pipeline products;
- seek marketing approvals for VergenixSTR and VergenixFG and any other products in the United States and other new territories;
- maintain, expand, and protect our intellectual property portfolio;
- hire additional operational, clinical, quality control, and scientific personnel;
- establish plant infrastructure to accommodate product capacity increase;
- add operational, financial, and management information systems and personnel, including personnel to support our product development, any future commercialization efforts, and our transition to a public reporting company in the United States; and
- identify additional product candidates.

Financial Operations Overview

Revenue

As of March 31, 2016, we have not generated any material revenue from sales of our products. We expect to start generating revenue from sales of VergenixSTR and VergenixFG in Europe in 2016. Our ability to generate revenue will depend on achieving CE marking and successful commercialization of those two products.

Operating Expenses

Research and Development Expenses

Research and development expenses consist of costs incurred for the development of both of our rhCollagen and our product candidates. Those expenses include:

- employee-related expenses, including salaries and share-based compensation expenses for employees in research and development functions;
- expenses incurred in operating our laboratories and small-scale manufacturing facility;
- expenses incurred under agreements with CROs and investigative sites that conduct our clinical trials;
- expenses relating to outsourced and contracted services, such as external laboratories, consulting, and advisory services;
- supply, development, and manufacturing costs relating to clinical trial materials;
- maintenance of facilities, depreciation, and other expenses, which include direct and allocated expenses for rent and insurance; and
- costs associated with preclinical and clinical activities.

Research and development activities are the primary focus of our business. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will increase in absolute dollars in future

periods as we continue to invest in research and development activities related to the development of our product candidates.

Our total research and development expenses for the three months ended March 31, 2016 and for the year ended December 31, 2015, were NIS 8.3 million and NIS 22.9 million, respectively. The research and development expenditures on our rhCollagen technology and our product candidates for the three months ended March 31, 2016 and for the year ended December 31, 2015 were partly funded in the amounts of NIS 2.9 million and NIS 11.0 million, respectively, by our U.S.-based strategic collaborator and government grants. We charge all research and development expenses to operations as they are incurred.

There are numerous factors associated with the successful commercialization of any of our product candidates, including future trial design and various regulatory requirements, many of which cannot be determined with accuracy at this time. Additionally, future commercial and regulatory factors beyond our control will affect our clinical development programs and plans.

Participation in Research and Development Expenses

Our research and development expenses are net of the following participations by third parties.

Participation by Pfizer and by our U.S.-based corporate collaborator. Starting in 2010, we entered into two agreements with Pfizer related to collaboration in the development of VergenixBVF, a novel resorbable scaffold composed of our rhCollagen and synthetic minerals that mimics bone structure intended for use in posterolateral spinal fusion and trauma and other orthopedic applications. The product under development in our collaboration with Pfizer was VergenixBVF charged with a recombinant bone growth protein developed by Pfizer. The collaboration agreement with Pfizer expired in 2013, and since then we have continued the development of VergenixBVF under a strategic collaboration arrangement with another U.S.-based corporate collaborator that now owns the commercialization rights to this protein. On April 7, 2015, Pfizer assigned certain of its rights under the collaboration agreement and any prior agreements with us to the new collaborator.

On July 9, 2015, we signed a non-binding term sheet with the U.S.-based corporate collaborator in the field of orthobiologics, for the further development and potential commercialization and supply of a potential product that combines recombinant bone growth protein with our VergenixBVF, along with other components, into a surgical matrix for use in spinal fusion and trauma applications. We are currently negotiating a definitive agreement with this U.S.-based corporate collaborator, based upon the non-binding term sheet, for the further development and potential commercialization and supply of this potential product. Pursuant to the non-binding term sheet, we would receive payments for the license to use our technology, milestone payments upon the achievement of specific regulatory events, and royalty payments based upon future global sales of the potential product, as well as participation in costs associated with the building of a manufacturing facility to be operated by us for the production of rhCollagen and the VergenixBVF. The collaborator is bearing all the research and development cost related to VergenixBVF. If a definitive agreement is entered into, it is expected to be subject to the OCS's approval which may impose on us certain obligations under the Innovation Law.

Participation by the OCS. We have received grants from the OCS as part of the research and development programs for our rhCollagen technology and our product candidates. The requirements and restrictions for such grants are found in the Innovation Law. These grants are subject to repayment through future royalty payments on any products resulting from these research and development programs, including VergenixSTR and VergenixFG. Under the Innovation Law and related regulations, royalties of 3% - 5% on the revenues derived from sales of products and income generated from and related services developed in whole or in part under OCS programs are payable to the OCS, up to the total amount of grants received, linked to the U.S. dollar and bearing interest at an annual rate of LIBOR applicable to U.S. dollar deposits, as published on the first business day of each calendar year. The total gross amount of grants actually received by us from the OCS as of March 31, 2016, totaled

approximately NIS 29.0 million. As of March 31, 2016, we paid non-material royalty amounts to the OCS.

In addition to paying any royalty due, we must abide by other restrictions associated with receiving such grants under the Innovation Law that continue to apply following repayment to the OCS. These restrictions may impair our ability to outsource manufacturing or otherwise transfer our know-how outside of Israel and may require us to obtain the approval of the OCS for certain actions and transactions and pay additional royalties and other amounts to the OCS. If we fail to comply with the Innovation Law, we may be subject to civil claims and criminal charges.

Research and development grants received from the OCS are recognized upon receipt as a liability if future economic benefits are expected from the project that will result in royalty-bearing sales. The amount of the liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest that reflects the appropriate degree of risks inherent in our business. The change in the fair value of the liability associated with grants from the OCS is reflected as an increase or decrease in our research and development expenses for the relevant quarter.

Under applicable accounting rules, the grants from the OCS have been accounted for as an off-set against the related research and development expenses in our financial statements. Our balance sheet liabilities do not include obligations regarding royalties that we are obligated to pay to the OCS based on future sales of our products. As a result, our research and development expenses are shown on our financial statements net of the OCS grants. See Note 2G in our consolidated financial statements for more information.

General, Administrative, and Marketing Expenses

Our general and administrative expenses consist principally of:

- employee-related expenses, including salaries, benefits, and related expenses, including equity-based compensation expenses;
- legal and professional fees for auditors and other consulting expenses not related to research and development activities;
- cost of offices, communication, and office expenses;
- information technology expenses; and
- business development and marketing activities.

We expect that our general, administrative, and marketing expenses will increase in the future as our business expands and we incur additional general and administrative costs associated with being a public company in the United States, including compliance under the Sarbanes-Oxley Act and rules promulgated by the U.S. Securities and Exchange Commission. These public company-related increases will likely include costs of additional personnel, additional legal fees, audit fees, directors' liability insurance premiums, and costs related to investor relations. We also expect that our marketing expenses will increase, as we will incur additional marketing costs associated with the commencement of sales, when and if our product candidates are approved.

Financial Income/Financial Expense

Financial income includes interest income regarding short term deposits and exchange rate differences. Financial expense consists primarily of exchange rate differences and bank commissions.

Taxes on Income

We do not generate taxable income in Israel, as we have historically incurred operating losses resulting in carry forward tax losses. As of December 31, 2015, we have incurred operating losses of approximately NIS 7.8 million for CollPlant Holdings Ltd. and NIS 110.0 million for CollPlant Ltd. We anticipate that we will be able to carry forward these tax losses indefinitely to future tax years assuming

that we utilize them at the first opportunity. Accordingly, we do not expect to pay taxes in Israel until we have taxable income after the full utilization of our carry forward tax losses.

The standard corporate tax rate in Israel is 25%. Under the Investment Law, and other Israeli legislation, we may be entitled to certain additional tax benefits, including reduced tax rates, accelerated depreciation, and amortization rates for tax purposes on certain assets and amortization of other intangible property rights for tax purposes.

Recent Developments

On June 9, 2016, we completed a financing in Israel, raising gross proceeds of $3.1 million. In consideration, we issued an aggregate of 33,803,500 ordinary shares at a price per share of NIS 0.35 ($0.09) and 33,803,500 Series K warrants exercisable at an exercise price of NIS 0.60 ($0.16) per share. An additional 2,728,000 Series K warrants were issued to the Israeli underwriters in the offering.

On May 29, 2016, we received approval from the OCS of a grant for 2016 of approximately $1.5 million.

Results of Operations

Comparison of the Three Months Ended March 31, 2015 and 2016

The following table summarizes our results of operations for the three months ended March 31, 2015 and 2016:

	Three months ended March 31,		
	2015	2016	2016
	(NIS in thousands)	(NIS in thousands)	(Convenience translation into USD in thousands(1))
Statement of comprehensive loss data:			
Research and development expenses	4,029	8,319	2,209
Participation in research and development expenses	(1,550)	(2,915)	(774)
Research and development expenses, net	2,479	5,404	1,435
General, administrative, and marketing expenses	1,114	2,035	540
Operating loss	3,593	7,439	1,975
Financial income	145	3	1
Financial expenses	19	191	51
Financial expenses (income), net	(126)	188	50
Loss	3,467	7,627	2,025

(1) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016 at the rate of one U.S. dollar per NIS 3.766.

Research and Development Expenses

Research and development expenses increased from NIS 4.0 million in the three months ended March 31, 2015 to NIS 8.3 million in the three months ended March 31, 2016. The expenses primarily related to the development of VergenixSTR, VergenixFG, and VergenixBVF. The increase in expenses is primarily due to share-based compensation costs of NIS 1.1 million relating to options granted in 2015, and product development expenses of NIS 3.2 million. The product development expenses are mainly relating to our two clinical trials of VergenixSTR and VergenixFG initiated in January 2015 and November 2014, respectively, as well as product development in the field of orthobiologics with our U.S.-based corporate collaborator.

The participation in the research and development expenses amounted to NIS 2.9 million in the three months ended March 31, 2016, compared to NIS 1.6 million in the three months ended March 31, 2015. The increase is mainly due to the participation of our U.S.-based corporate collaborator in the development of VergenixBVF. The participation from our U.S.-based corporate collaborator increased by NIS 900,000 to NIS 1.9 million in the three months ended March 31, 2016 compared to NIS 1.0 million in the three months ended March 31, 2015. In addition, total participation from OCS increased by NIS 391,000 from approximately NIS 593,000 in the three months ended March 31, 2015 to NIS 1.0 million in the three months ended March 31, 2016.

General, Administrative, and Marketing Expenses

General, administrative, and marketing expenses increased from NIS 1.1 million in the three months ended March 31, 2015, to NIS 2.0 million in the three months ended March 31, 2016. The increase is primarily attributed to an increase of NIS 306,000 in share-based compensation costs relating to options, and to legal and professional expenses of NIS 600,000.

Financial Expenses, Net

Financial expenses, net, totaled NIS 188,000 in the three months ended March 31, 2016 compared to financial income, net of NIS 126,000 in the three months ended March 31, 2015. The increase in the three months ended March 31, 2016 as compared to the same period ended March 31, 2015 was due to exchange rate differences in the U.S. dollar exchange rate against the NIS, where the U.S. dollar exchange rate decreased versus the NIS, and affect our U.S. dollar currency short term bank deposits.

Comparison of the Years Ended December 31, 2014 and 2015

The following table summarizes our results of operations for the years ended December 31, 2014 and 2015:

	Year ended December 31,		
	2014	2015	2015
	(NIS in thousands)		(Convenience translation into USD in thousands(1))
Statement of comprehensive loss data:			
Research and development expenses	14,879	22,919	6,086
Participation in research and development expenses	(5,145)	(11,055)	(2,935)
Research and development expenses, net	9,734	11,864	3,151
General, administrative, and marketing expenses	3,906	6,950	1,845
Operating loss	13,640	18,814	4,996
Financial income	642	215	57
Financial expenses	25	51	13
Financial income, net	(617)	(164)	(44)
Loss	13,023	18,650	4,952

(1) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016 at the rate of one U.S. dollar per NIS 3.766.

Research and Development Expenses

Research and development expenses increased from NIS 14.9 million in the year ended December 31, 2014 to NIS 22.9 million in the year ended December 31, 2015. The expenses primarily related to the development of VergenixSTR, VergenixFG and VergenixBVF. The total increase in

expenses amounting to NIS 8.0 million, is primarily due to share-based compensation costs of NIS 2.3 million relating to options granted in 2015, and increase of product development expenses of NIS 5.7 million. The product development expenses mainly relate to our two clinical trials of VergenixSTR and VergenixFG initiated in January 2015 and November 2014, respectively, as well as product development in the field of orthobiologics with our U.S.-based corporate collaborator.

The participation in the research and development expenses increased from NIS 5.1 million in 2014 to NIS 11.0 million in 2015. The majority of the increase is derived from the participation of our U.S.-based corporate collaborator in the development of VergenixBVF, amounting to NIS 6.4 million in 2015, compared to NIS 1.6 million during 2014. In addition, total participation from OCS and others in our development plans, increased by approximately NIS 1.0 million, from NIS 3.6 million in 2014 to NIS 4.6 million in 2015.

General, Administrative, and Marketing Expenses

General, administrative, and marketing expenses increased from NIS 3.9 million in the year ended December 31, 2014, to NIS 6.9 million in the year ended December 31, 2015. The increase is primarily attributable to an increase of NIS 1.5 million in share-based compensation costs relating to options and to legal and professional expenses of approximately NIS 1.4 million.

Financial Income, Net

Financial income, net, totaled NIS 617,000 in the year ended December 31, 2014, compared to financial income of NIS 164,000 in the year ended December 31, 2015. The decrease in 2015 as compared to the same period in 2014 was due to exchange rate differences in the U.S. dollar exchange rate against the NIS, where the U.S. dollar exchange rate decreased versus the NIS, and affect our U.S. dollar currency short term bank deposits.

Liquidity and Capital Resources

To date, we have financed our operations primarily with the net proceeds from private placements and from public offerings of our securities on the TASE, participation from product development collaborations, and government grants from the OCS.

We believe that based on our current business plan, our existing cash, cash equivalents, and the net proceeds from this offering will be sufficient to meet our currently anticipated cash requirements for at least the next three years.

Cash Flows

The following table summarizes our consolidated statement of cash flows for the years ended December 31, 2014 and 2015 and for the three months ended March 31, 2015 and 2016.

	Year ended December 31,			Three months ended March 31,		
	2014	2015	2015	2015	2016	2016
	(NIS in thousands)		(Convenience translation into USD in thousands(1))			(Convenience translation into USD in thousands(1))
Net cash provided by (used in):						
Operating activities	(12,958)	(14,497)	(3,850)	(3,607)	(6,792)	(1,804)
Investing activities	(397)	(1,389)	(369)	(558)	(145)	(38)
Financing activities	45	10,037	2,665		7,358	1,953

(1) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016, at the rate of one U.S. dollar per NIS 3.766.

Net Cash Used in Operating Activities

The use of cash in all periods resulted primarily from our net losses adjusted for non-cash charges and measurements and changes in components of working capital. Adjustments to net income for non-cash items include depreciation and amortization and share-based compensation.

Net cash used in operating activities resulted primarily from our net losses adjusted for non-cash charges and measurements and changes in components of working capital. Adjustments to net loss for non-cash items include depreciation and amortization, equity-based compensation and exchange differences on cash and cash equivalents. This cash flow mainly reflects the cash needed for funding the product candidates and pipeline products development and management costs of the Company during the applicable periods.

Three Months Ended March 31, 2015 and 2016:

Net cash used in operating activities in the three months ended March 31, 2016 totaled NIS 6.8 million and consisted primarily of a net loss of NIS 7.6 million, adjusted for non-cash items, including depreciation and amortization of NIS 316,000 and share based compensation of NIS 1.4 million, and a net increase in operating assets and liabilities of NIS 887,000, mainly attributable to increase in development activity that resulted in the increase in other receivables of NIS 731,000 by our U.S. based corporate collaborator and the OCS.

Net cash used in operating activities in the three months ended March 31, 2015, totaled NIS 3.6 million and consisted primarily of net loss of NIS 3.5 million, adjusted for non-cash items including depreciation and amortization of NIS 189,000 and share based compensation of NIS 86,000, and a net increase in operating assets and liabilities of NIS 278,000. The net increase in operating assets and liabilities of NIS 278,000 was mainly comprised of an increase in other receivables of NIS 490,000 primarily attributable to our development activity with our U.S.-based corporate collaborator.

Years Ended December 31, 2014 and 2015:

Net cash used in operating activities in 2015 totaled NIS 14.5 million and consisted primarily of net loss of NIS 18.6 million, adjusted for non-cash items including depreciation and amortization of NIS 788,000 and share based compensation of NIS 4.1 million, and a net increase in operating assets and liabilities of NIS 611,000, mainly attributable to an increase in other receivables of NIS 1.7 million and an increase in trade payables of NIS 854,000 and other payables of NIS 328,000, all as a result of an increase of our development activity with VergenixSTR, VergenixFG and VergenixBVF.

Net cash used in operating activities in 2014 totaled NIS 12.9 million and consisted primarily of net loss of NIS 13.0 million, adjusted for non-cash items including depreciation and amortization of NIS 802,000 and share based compensation of NIS 205,000, and a net increase in operating assets and liabilities of NIS 347,000, mainly attributable to a decrease in trade payables of NIS 214,000 and other payables of NIS 328,000.

Net Cash Used in Investing Activities

Net cash used in investing activities was NIS 145,000 and NIS 558,000 for the three months ended March 31, 2016 and 2015, respectively, and related primarily to the purchases of property and equipment. The decrease in the amount NIS 413,000 relates mainly to our investment in equipment for scaling up our capacity during the first three months of 2015.

Net cash used in investing activities was NIS 397,000 during the year ended December 31, 2014 and NIS 1.4 million during the year ended December 31, 2015. The increase in the amount of approximately NIS 992,000 relates mainly to our investment in equipment for scaling up our capacity during 2015.

Net Cash Provided by Financing Activities

Net cash provided by financing activities was NIS 7.4 million in the three-month period ended March 31, 2016, compared to no cash provided by financing activities in the three-month period ended March 31, 2015. In the three-month period ended March 31, 2016 we consummated an equity raise in the Israeli capital market and raised a net NIS 7.4 million in return for the issuance of shares and warrants.

Net cash provided by financing activities amounted to approximately NIS 10.0 million for 2015 and NIS 45,000 in 2014. In 2015, we consummated an equity raise in the Israeli capital market and raised a net NIS 10.0 million in return for the issuance of our shares and warrants. Cash flow from financing activities in 2014 amounted to NIS 45,000 resulting from the exercise of options for ordinary shares.

Cash and Funding Sources

The table below summarizes our sources of financing for the three month period ended March 31, 2016 and for the years ended December 31, 2014 and 2015:

	Issuance of Ordinary Shares and Warrants	Government Grants and Strategic Collaboration	Total	Total (Convenience translation into USD in thousands(1))
		(NIS in thousands)		
Three months ended March 31, 2016	7,358	2,915	10,273	2,728
Year ended December 31, 2015	10,037	11,055	21,092	5,601
Year ended December 31, 2014	45	5,145	5,190	1,377

(1) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016 at the rate of one U.S. dollar per NIS 3.766.

Funding Requirements

We believe that our existing cash and cash equivalents, together with the net proceeds of this offering will enable us to fund our operating expenses and capital expenditure requirements for at least the next three years. We have based this estimate on assumptions that may prove to be wrong, and we could use our capital resources sooner than we currently expect.

Our present and future funding requirements will depend on many factors, including, among other things:

- the progress, timing, and completion of preclinical testing and clinical trials for VergenixSTR and VergenixFG or any future pipeline product;
- selling and marketing activities undertaken in connection with the anticipated commercialization of VergenixSTR and VergenixFG and any other product candidates;
- costs involved in the development of distribution channels, and for an effective sales and marketing organization, for the commercialization of our product candidates in Europe;
- the time and costs involved in obtaining regulatory approval for VergenixSTR and VergenixFG and our pipeline products and any delays we may encounter as a result of evolving regulatory requirements or adverse results with respect to any of these products;
- the number of potential new products we identify and decide to develop; and
- the costs involved in filing patent applications and maintaining and enforcing patents or defending against claims or infringements raised by third parties.

For more information as to the risks associated with our future funding needs, see "Risk Factors—Even if this offering is successful, we may need to raise additional funding, which may not be available

on acceptable terms, or at all. Failure to obtain additional capital when needed may force us to delay, limit, or terminate our product development efforts or other operations."

Contractual Obligations and Commitments

Our significant contractual obligations as of March 31, 2016 are summarized in the following table.

	Payments due by period				
	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
			(NIS)		
Operating lease obligations(1)	986,000	888,000	345,000	—	2,219,000

(1) Operating lease obligations consist of payments pursuant to lease agreements for office and laboratory facilities, as well as lease agreements for seven vehicles, which generally run for a period of three years.

Our balance sheet liabilities do not include obligations regarding royalties that we are obligated to pay to the OCS based on future sales of our products. As of March 31, 2016, the maximum royalty amount that would be payable by us, before interest, is approximately NIS 28.5 million (assuming 100% of the royalties are payable), contingent upon sales of our rhCollagen-based products.

Off-Balance Sheet Arrangements

As of March 31, 2016, we do not have any, and during the periods presented we did not have any, off-balance sheet arrangements.

Significant Accounting Estimates and Judgments

Estimates and judgments are reviewed on an ongoing basis and are based on past experience and other factors, including expectations of future events, which are considered reasonable in view of current circumstances.

Significant Accounting Estimate

We make estimates and assumptions with respect to the future. By nature, the accounting estimates are rarely identical to actual results. The estimate that has a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year is listed below.

Impairment of In Process Research and Development

We annually review the need to record impairment of in process research and development, or IPR&D. To test for impairment, we as a whole have been identified as the smallest cash-generating unit to which the intangible asset can be attributed. Accordingly, we measure our recoverable amount as a whole. The recoverable amount is the higher of value in use and fair value less costs of disposal. In accordance with IFRS 13, the quoted market price in an active market provides the most reliable evidence of fair value. Since fair value less costs of disposal, which is based on our market price, is significantly higher than the carrying amount of the cash-generating unit, we determined that no impairment exists.

Significant Judgments Made When Applying our Accounting Policy

Grants from the OCS

In accordance with the accounting treatment prescribed in Note 2G to our financial statements appearing elsewhere in this prospectus, our management is required to examine whether there is reasonable assurance that the OCS grant that was received will be repaid. In addition, if, at the date of initial recognition, the grant is recognized in the statement of comprehensive income (loss), then in subsequent periods our management is required to evaluate whether the payment of royalties to the

OCS is considered to be more likely than not. In such a case, a liability would be recognized based on our best estimate of the amount required to settle our royalty obligation to the OCS.

Since most of our products for the orthobiologics and advance wound care markets have yet to receive marketing clearance or regulatory approval, grants received are recorded against the related research and development expenses in the statement of comprehensive loss and a liability is not included in our financial statements.

Following the signing of our first distribution agreement and the supply of our first order for VergenixFG, we are evaluating the potential market for this product and will recognize a liability for the expected royalty payments.

Development Costs

Development costs are capitalized in accordance with the accounting policy described in Note 2E(3) to our financial statements appearing elsewhere in this prospectus. Capitalization of costs is based on management's judgment about technological and economic feasibility.

Our management believes that as of March 31, 2016, the above conditions were not met; therefore development costs were not capitalized.

Quantitative and Qualitative Disclosures About Market Risks

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of fluctuations in foreign currency exchange rates and interest rates.

Foreign Currency Exchange Risk

Our functional and reporting currency is the New Israeli Shekel (NIS) which is the local currency in Israel. Our foreign currency exposures give rise to market risk associated with exchange rate movements of the NIS, mainly against the U.S. dollar and the Euro. Although the NIS is our functional currency, a small portion of our expenses consist principally of payments made to subcontractors and consultants for clinical trials, other research and development activities, and purchase of new equipment. A material portion of our research and development is conducted through collaboration agreements denominated in U.S. dollars, and therefore our net research and development expenses are subject to significant foreign currency risk. If the NIS fluctuates significantly against either the U.S. dollar or the Euro, it may have a negative impact on our results of operations. To date, such fluctuations in exchange rates have not materially affected our results of operations or financial condition for the periods under review.

To date, we have not entered into any hedging arrangements with respect to foreign currency risk or other derivative financial instruments. In the future, we may enter into currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

Interest Rate Risk

At present, our investments consist primarily of cash and cash equivalents in short-term deposits. The primary objective of our investment activities is to preserve our capital to fund our operations. Our investments are exposed to market risk due to fluctuation in interest rates, which may affect our interest income and the fair market value of our investments, if any. We manage this exposure by performing ongoing evaluations of our investments. Due to the short-term maturities, if any, of our investments to date, their carrying value has always approximated their fair value. We believe that our exposure to interest rate risk is not significant and a 1% change in market interest rates would not have a material impact on our assets.

Recent Accounting Pronouncements

IFRS 9 Financial Instruments

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories or financial assets: amortized cost, fair value through other comprehensive income, or OCI, and fair value through profit and loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition in other comprehensive income of changes resulting from own credit risk, in liabilities designated at fair value, through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted. We have not yet assessed IFRS 9's full impact.

IFRS 16 Leases

IFRS 16 will replace upon first-time implementation the existing guidance in IAS 17—Leases, or IAS 17. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases, and is expected to have a material impact mainly on the accounting treatment applied by the lessee in a lease transaction.

IFRS 16 changes the existing guidance in IAS 17 and requires lessees to recognize a lease liability that reflects future lease payments and a "right-of-use asset" in all lease contracts (except for the following exemption), with no distinction between financing and capital leases. IFRS 16 exempts lessees in short-term leases or the when underlying asset has a low value.

IFRS 16 changes the definition of a "lease" and the manner of assessing whether a contract contains a lease.

IFRS 16 will be effective retrospectively for annual periods beginning on or after January 1, 2019, taking into account the relief specified in the transitional provisions of IFRS 16. Under the provisions of IFRS 16, early adoption is permitted only if IFRS 15 has also been applied. We are assessing the expected impact of IFRS 16 on our financial statements.

JOBS Act

With less than $1.0 billion in revenues during our last fiscal year, we qualify as an emerging growth company under the JOBS Act. An emerging growth company may take advantage of specified provisions in the JOBS Act that provide exemptions or reductions of its regulatory burdens related to reporting and other requirements that are otherwise applicable generally to public companies. These provisions include an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act. We may take advantage of some, but not necessarily all, of these provisions to reduce our burdens or exempt ourselves from regulatory requirements for up to five years or such earlier time that we are no longer deemed an emerging growth company. We have elected not to avail ourselves of an exemption that allows emerging growth companies to extend the transition period for complying with new or revised financial accounting standards. This election is irrevocable. We would cease to be an emerging growth company if we have more than $1.0 billion in annual revenue, our ordinary shares held by non-affiliates have a market value in excess of $700 million, or we issue more than $1.0 billion of non-convertible debt over a three-year period.

BUSINESS

Overview

We are a clinical-stage regenerative medicine company focused on developing and commercializing tissue repair products, initially for the orthobiologics and advanced wound care markets. Our product candidates are based on our rhCollagen, a form of human collagen produced with our proprietary plant-based genetic engineering technology. We believe our technology is the only commercially viable technology available for the production of genetically engineered, or recombinant, human collagen. We believe that our rhCollagen, which is identical to the type I collagen produced by the human body, has significant advantages compared to currently marketed tissue-derived collagens, including improved biological function, superior homogeneity, and reduced risk of immune response. We believe the attributes of our rhCollagen make it suitable for numerous tissue repair applications throughout the human body. We believe that the annual market opportunity for our current product candidates utilizing our rhCollagen within the orthobiologics and advanced wound care markets exceeds $5 billion.

Our rhCollagen has superior biological function when compared to any tissue-derived collagens, whether from animal or human tissues, according to data published in peer-reviewed scientific publications. Our rhCollagen can be fabricated in different forms and shapes including gels, pastes, sponges, sheets, membranes, fibers, and thin coats, all of which have been tested *in vitro* and in animal models and proven superior to tissue-derived products. We have demonstrated that, due to its homogeneity, rhCollagen can produce fibers and membranes with high molecular order, meaning all the molecules are oriented in the same direction, which enables the formation of tissue repair products with distinctive physical properties. We produce our rhCollagen in genetically engineered tobacco plants, assuring an abundant supply of high quality raw materials.

Our three leading rhCollagen-based product candidates are:

- ***VergenixSTR, a soft tissue repair matrix composed of our rhCollagen and platelet-rich plasma, or PRP, extracted from the patient's blood.*** VergenixSTR is intended to accelerate healing in the treatment of tendinopathy, such as in the elbow tendon (for treatment of "tennis elbow"), rotator cuff, patellar tendon, Achilles tendon, and hand tendons. VergenixSTR forms a viscous gel matrix to serve as a scaffold in the vicinity of a tendon injury site. Following the scaffold formation, our rhCollagen activates the platelets in PRP to provide sustained release of growth factors, which promote healing and repair of tendon injuries. We are currently conducting an open label, single arm, multi-center clinical trial of VergenixSTR in Israel. In December 2015, we applied for Conformité Européenne, or CE, marking, which is required for a product to be marketed in the European Union, which we expect to receive in the third quarter of 2016; however, there is no assurance that our application for CE marking will be granted on a timely basis or at all.

- ***VergenixFG, a wound-filling flowable gel made from our rhCollagen.*** VergenixFG is intended to enhance the quality and speed of closure of deep surgical incisions and wounds, including diabetic ulcers, burns, bedsores, and other chronic wounds. The VergenixFG formulation provides a scaffold that fills the wound site and establishes intimate contact with the surrounding tissue. VergenixFG provides complete coverage of the wound site, facilitates wound closure through an engineered synchronization between scaffold degradation and growth of new tissue, and offers a non-allergenic and pathogen-free scaffold for safe and efficacious wound care therapy. We completed an open label, single arm, multi-center clinical trial of VergenixFG in Israel to support CE marking certification. In February 2016, we received CE marking certification for VergenixFG and in July 2016 supplied our first order in Europe. We intend to enter into additional distribution agreements in Europe and following adoption by key opinion leaders there intend to pursue FDA approval under the PMA regulatory pathway.

- ***VergenixBVF, a bone void filler designed to help accelerate bone healing and formation.*** VergenixBVF is a product platform intended for bone repair indications such as spinal fusion and trauma. VergenixBVF is a novel resorbable scaffold composed of our rhCollagen and synthetic minerals, and when charged with growth factors (autologous or recombinant), it will stimulate the recruitment and differentiation of bone-forming cells, which can heal existing bone and produce new natural bone. VergenixBVF is engineered to enable a sustained, optimal release of the charged growth factors to accelerate bone healing and new bone formation, while producing a stronger union. We are collaborating with a U.S.-based corporate collaborator in the development of VergenixBVF. We are currently negotiating a definitive agreement with this U.S.-based corporate collaborator, pursuant to a non-binding term sheet entered into on July 9, 2015, for the further development, and potential commercialization and supply of a surgical matrix that utilizes VergenixBVF, intended for use in spinal fusion and trauma applications.

Collagen and Collagen-Based Products

Collagen is the main component of connective tissue and is the most abundant protein in mammals. In humans, it comprises approximately 30% of the protein found in the body. Due to its unique characteristics and diverse profile in human body functions, collagen is frequently selected from a variety of biocompatible materials for use in tissue repair to support structural integrity, induce cellular infiltration and promote healing. We estimate the size of the market for human collagen-based tissue repair products for use in orthobiologics and advanced wound care applications is approximately $20 billion.

Type I collagen is the most abundant form of collagen in the human body. It is the dominant constituent of connective tissue and serves as the primary scaffold in tissue or organ repair processes, making it a logical choice for regenerative medicine products. It is found in tendons, skin, artery walls, corneas, the endomysium surrounding muscle fibers, fibrocartilage, and the organic part of bones and teeth. Type II collagen is primarily found in articular cartilage. Type III collagen, which is produced quickly by young fibroblasts before the tougher type I collagen is synthesized, is found in granulation tissue such as artery walls, skin, intestines, and the uterus. While there may be some niche applications in the future where type III or possibly type II collagen is appropriate, type I collagen is best suited for applications associated with regenerative medicine because of its essential role in the healing process of bones, skin, and tendons. Type III recombinant human collagen is currently available for the research market, and is not used in any products currently approved for medical use.

Disadvantages of Current Collagen-Based Products

Currently, type I collagen for medical use is primarily derived from bovine (cow) and porcine (pig) sources, as well as from human cadavers. It is extracted from the tissues using mechanical processes and chemical treatments. Tissue-derived collagens suffer from a number of disadvantages:

- The harsh chemical conditions required to recycle collagen from mature tissue results in a collagen product with random defects in its protein structure, leading to a compromised triple helix. Consequently, tissue-derived collagens have significant damage to binding sites for progenitor cells, which are required for cell proliferation and differentiation into tissue.

- Tissue-derived collagens are non-homogenous and contains high proportions of cross-linked collagen species with high molecular weight. The rate of degradation of collagen is based on the proportion of cross-linked collagen species within the product. Excessive proportions of cross-linked collagen can impair the collagen's ability to self-assemble homogenous scaffolds with a high surface area and fully functional integrin-binding capacity, and can also impede its rate of degradation. The inability to effectively control the level of cross-linked collagen species in

tissue-derived collagens results in variability of performance for a given product, and affects the rate of infiltration of cells into the scaffold, which can delay healing.

- The extraction of collagen from mature mammalian tissues leaves, in many cases, contaminant proteins, growth factors, and cytokines. As a result, scaffolds made of tissue-derived collagens may provoke inflammation, as well as undesirable immune and foreign body responses that may cause adverse effects and unpredictable biological outcomes.

- Extraction from animals or humans is also associated with risk of disease transmission. Since 2007 the FDA has highlighted the risks of transmissible diseases to humans in medical devices that contain materials derived from animal sources In January 2014, the FDA released draft guidance suggesting precautionary procedures to be used in the production of medical devices containing materials derived from animal sources.

- Although collagen molecules are similar among various animal species, slight differences in the protein sequence between species may result in different biological behavior when applied to humans, and in some cases, invoke specific immune responses; for example, bovine collagen is associated with hypersensitivity and allergic reactions in approximately 3% of people.

Bone Graft Products

According to GlobalData, the size of the global bone graft and substitute products market was approximately $2.1 billion in 2013, and is expected to grow to $2.7 billion in 2020. Bone grafts serve four mechanistic functions: structural, osteoconduction, osteoinduction, and osteogenesis. Structural grafts, such as a tricortical iliac crest bone graft (ICBG) or a femoral ring allograft, provide mechanical support. Osteoconductive grafts provide a scaffold for bone formation. Osteoinductive grafts induce differentiation of progenitor cells into bone-forming cells, or osteoblasts. Osteogenic grafts directly contribute cells for bone formation.

Autograft, which is a graft that uses bone taken directly from another site in the patient's body, has long been considered the "gold standard" for bone grafting. Autograft can serve all of the above functions; however, it requires an additional surgical procedure, and its efficacy is based on a number of factors, including age and health of the patient. In addition, the availability of bone in a patient's body for autograft procedures is limited; the most common source of harvesting is the ICBG. Autograft has been demonstrated to be successful, particularly in spine fusion, but the paucity of supply as well as the morbidity and pain associated with its harvest has led to demand for the development of alternatives and supplements.

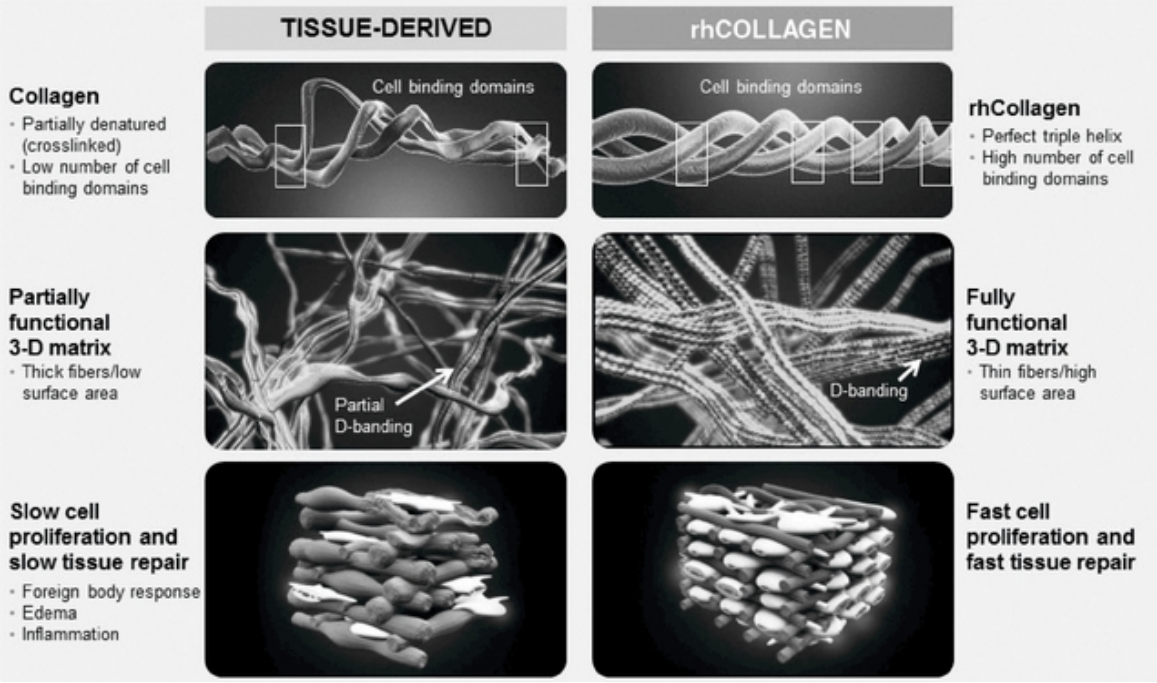
Allograft, which is a graft obtained from a human cadaver, provides an osteoconductive scaffold and is weakly osteoinductive. It does not, however, have any osteogenic potential, as the cells are killed during the part of allograft processing aimed at decreasing the risk of infection transmission and antigenicity. One type of allograft is Demineralized Bone Matrix (DBM), a bone graft substitute with osteoconductive and some osteoinductive qualities. It is extracted from allograft bone, resulting in the loss of mineralized bone components and consisting mostly of type I collagen with numerous retained growth factors.

Synthetic bone graft substitutes mimic the structure of bone. They can be made of calcium-based substances, hydroxyapatite, or collagen-based matrices, a combination of tissue-derived collagens and synthetic minerals. Synthetic bone graft substitutes are by nature only osteoconductive, as they lack any cells or growth factors. They can be charged with cells or growth factors in order to add osteoinductivity to the substance. The bone graft substitute market is increasingly becoming a highly lucrative market for manufacturers due to the significant growth opportunities; however, producing a quality substitute that effectively mimics natural bone remains a challenge. For example, more than 50

DBM products are currently on the market, but less than 10 have shown clinical evidence of their benefits in orthopedic and spine surgeries.

Advantages of our rhCollagen and rhCollagen-based Products

All of our product candidates are based on our proprietary recombinant type I human collagen, rhCollagen, which is identical to the type I collagen produced by the human body. The graphic below illustrates the structural differences between rhCollagen produced with our proprietary plant-based technology and currently marketed tissue-derived collagens.



The key advantages of products using our rhCollagen, as compared to those using collagen derived from animals or human cadaveric tissue, include:

- ***Better biofunctionality in tissue regeneration.*** Our rhCollagen has superior biological function when compared to animal or human tissue-derived collagen and has a number of useful physical characteristics, including thermal stability, or resistance to decomposition at high temperatures, and a pristine triple helix, according to data published in peer-reviewed scientific publications. The triple helix structure of collagen is formed when two *a*-1 protein chains and one *a*-2 protein chain wind together along a common axis. In the formation of rhCollagen, this structure is achieved without modifications that can lead to defects in the triple helix structure, thereby leading to a pristine triple helix identical to the form found in nature. A pristine triple helix enables superior binding, which accelerates primary human cell proliferation. Collagen scaffolds of our rhCollagen support endothelial, fibroblast, and keratinocyte cell attachment and proliferation. In all cell types tested, cell proliferation was significantly better in scaffolds made of rhCollagen than in commercially available scaffolds made of bovine collagen. The accelerated cell proliferation achieved with our rhCollagen results in faster wound healing, less scarring, and higher quality tissue regeneration.

- ***Superior homogeneity.*** Because our rhCollagen is synthesized by five human genes in tobacco plants producing pure molecules that are repeatable and identical to type I human collagen, it is more homogenous than collagen derived from animal or human tissue sources. The high level of

homogeneity of our rhCollagen allows the formulation of extremely high concentrations of monomeric, or single-molecule, collagen, up to 150-200mg/ml, which is at least 10 to 100 times higher than the concentration achieved with tissue-derived collagen. The high concentration of homogeneous monomeric collagen is of particular importance where strong collagen fibers are needed for 3-D scaffolds. The homogeneity of our rhCollagen enables us to engineer consistent and reproducible products with a controlled degradation rate which can be optimized to the targeted indication. Achieving the same level of engineered performance would be difficult, if not impossible, with tissue-derived collagen that varies from batch to batch.

- ***Improved safety and greater purity.*** Our pure rhCollagen does not induce an immunogenic response, whereas impurities carried over from the source of tissue-derived collagen can lead to immune system rejection. *In vitro* studies performed under an academic collaboration have demonstrated that rhCollagen incubated with activated THP1-macrophages produces significantly lower levels of inflammatory cytokines when compared with bovine collagen that is similarly incubated. This demonstrates that animal-derived collagen can provoke a foreign body response not seen with rhCollagen, which delays healing and increases scarring. Further, with our rhCollagen, there are no potential side effects in the growth of tissue because there are no residues of growth factors. In addition, with tissue-derived collagen, there is a possibility that the animal or human from which the collagen was produced was infected with a virus, prion, or other pathogen. With our rhCollagen there is no risk of transmitting diseases and pathogens.

- ***Novel applications.*** Due to our ability to control the protein at the molecular level, it is possible to use our rhCollagen to produce products with unique physical features, as well as high repeatability, which is not possible with tissue-derived collagen. As compared to tissue-derived collagen, rhCollagen membranes have shown better thermal stability, improved tensile strength due to alignment of the collagen fibers, and higher levels of transparency. In addition, rhCollagen can be used to produce high concentration solutions of collagen at low viscosities. The unique properties of our rhCollagen make it an ideal building block for many products that we believe cannot currently be produced using tissue-derived collagen, such as BioInks for 3-D printing, artificial tendons, and transparent ophthalmic products.

We believe the clinical attributes of our rhCollagen will translate into benefits for patients, payors, and physicians, and will be adopted rapidly by the market once our product candidates receive regulatory approval. The improved biofunctionality of our products is intended to lead to faster recovery, better clinical outcomes, and reduced hospitalization time. Our *in vivo* studies have shown faster tissue remodeling, faster wound closure, and reduced scarring compared to competing products made from tissue-derived collagen.

The advantages of our rhCollagen outlined above have been demonstrated through *in vitro* testing and in preclinical animal studies, and are based on the performance of rhCollagen alone. The performance demonstrated in these studies is not necessarily indicative of the performance of our product candidates which contain rhCollagen. We cannot assure you that the same advantages of rhCollagen will be seen in clinical testing of our product candidates containing rhCollagen.

We can produce our rhCollagen cost-effectively and have access to an abundant supply of raw materials. Tobacco is a relatively easy plant to grow, and can be cultivated in a wide range of climates and soils. The tobacco plant is an extremely hardy plant, may be grown in very large volumes and its growth time to reach desired maturity is relatively short (about eight weeks). Under our current production technology, we are able to achieve a cost of goods that allows us to offer products at prices that are competitive with tissue-derived collagen. We are advancing a new production process that will result in labor cost reductions and higher yields, assuring an abundant raw material supply as demand for our rhCollagen increases.

Collagen-based products are already used extensively in the marketplace; therefore, we expect our product candidates will be eligible for reimbursement by third-party payors, including government agencies and insurance companies. We believe that the demand for tissue-derived collagen will decrease as the market recognizes the significant advantages of our rhCollagen.

Our Market Opportunity

Our rhCollagen represents a platform for the development of products addressing significant opportunities in multiple therapeutic, aesthetic, and other medical markets. We are initially focused on the orthobiologics and advanced wound care markets, and we believe the annual market opportunity for our current product candidates utilizing our rhCollagen platform technology exceeds $5 billion. However, we also see a significant opportunity to use our rhCollagen platform to develop products to address additional indications in these markets as well as in new markets, including cardiovascular and ophthalmic, as well as to advance new enabling technologies such as 3-D bio-printing. We believe that the potential addressable market opportunity for products using our technology is even greater than the market size served by currently available collagen-based products, mainly due to continued unmet medical needs and the shortcomings of tissue-derived collagen.

Orthobiologics Market

The established orthopedic market—estimated by QiG Group at more than $40 billion annual revenue worldwide in 2012—continues to offer exceptional growth opportunities. An aging population, active demographics, innovative technology, and emerging geographic areas are expected to continue to drive growth in the global orthopedic market. Top market segments within orthopedics include reconstructive devices, such as joint replacements; spinal implants and instruments, used to treat joint pain; fracture repair, including the use of plates and screws; and arthroscopy and soft tissue repair, primarily for sports and movement related injuries.

Chronic complex musculoskeletal injuries that are slow to heal pose challenges to physicians and patients alike. Orthobiologics use cell-based therapies and biomaterials to help injuries heal more rapidly with a superior outcome. These products are made from substances that are naturally found in the body, which dynamically interact with the musculoskeletal system to facilitate the healing of bone, cartilage, meniscus, tendons, and ligaments affected by disease or injury. Orthobiologics products are spread across all segments of the larger orthopedic market, generating much of the growth within orthopedics. GlobalData recently estimated that the major segments of the orthobiologics market currently comprise an annual $6.7 billion worldwide market.

The orthobiologics market is segmented as follows:

- Bone allografts;
- Bone graft substitutes;
- Viscosupplementation;
- Growth factors, such as BMP; and
- Cell-based therapies, such as PRP.

It is estimated that bone and joint disorders account for approximately half of all chronic conditions in individuals above 50 years of age in developed countries, and they are the most common cause of severe, long-term pain and disability. Moreover, the U.S. population aged 60 years and above is projected to increase by 33% this decade, which represents a key driver of this market as elderly patients are slower to heal and more in need of products that enhance and speed recovery. A rise in the geriatric population along with lifestyle changes such as increased obesity and growing participation in sports and outdoor activities among the older as well as younger generation all contribute to the

increase in musculoskeletal disorders. The overall increase in prevalence of musculoskeletal disorders combined with technological advancements in the orthobiologics field are fueling the growth of this market, resulting in a CAGR of 7.7% in the North American market from 2014 to 2019, as predicted by MicroMarket Monitor.

Advanced Wound Care Market

The global market for wound care encompasses traditional dressings and bandages, as well as advanced wound care products such as bioengineered skin and skin substitutes and wound care growth factors. Over the past 30 years, there has been a shift from traditional wound dressings towards advanced therapies that aim to optimize the wound healing environment. Advanced wound care is composed of biocompatible products that are intended to actively promote wound healing by interacting either directly or indirectly with wound tissues. Attempts to reduce the duration of hospital stays in order to limit healthcare costs and the goal of enhancing therapeutic outcomes are driving the demand for advanced wound care and closure products. One of the primary market drivers for advanced wound care products is the increasing incidence of chronic wounds, which are on the rise due to an aging population and a sharp rise in the incidence of diabetes and obesity worldwide. Both advanced age and chronic medical conditions are associated with a slower healing process, and all phases of wound healing are affected. The inflammatory response is decreased or delayed, as is the proliferative response.

Espicom estimates that the global market for advanced wound care in 2013 had reached $6.2 billion, representing a growth rate of approximately 5% since 2012. The three major market segments are device-based wound care, comprised of negative-pressure wound therapy and hydrosurgery systems; moist wound care, comprised of dressings that create and maintain a moist environment; and biologics, comprised of bioactive technologies that provide new approaches to debridement and dermal repair and regeneration.

With a wide range of dressings to choose from, dressing selection is a significant challenge for wound care clinicians. The ideal dressing should induce rapid healing at reasonable cost with minimal inconvenience to the patient. In a healing wound, a cascade of events occurs that includes platelet accumulation, inflammation, fibroblast proliferation, cell contraction, angiogenesis, and re-epithelization, ultimately leading to scar formation and wound remodeling. Collagen plays an important role in each of these phases of wound healing. Native intact collagen provides a natural scaffold or substrate for new tissue growth. Dressings containing collagen are thought to provide the wound with an alternative collagen source that is degraded over time, leaving the endogenous native collagen to continue normal wound healing.

Biological wound dressings have the benefit of forming part of the natural tissue matrix and some of them play an important role in natural wound healing and new tissue formation. These characteristics make them the most attractive and fastest growing segment of the overall advanced wound care market with anticipated double digit growth in upcoming years. In certain instances, these bioactive matrices are incorporated with compounds such as growth factors and antimicrobials for delivery to the wound site. There are a number of biological wound care dressings available that incorporate tissue-derived collagen to enhance wound bed preparation.

Our Strategy

We plan to exploit the unique characteristics of our rhCollagen to develop and commercialize an extensive portfolio of regenerative medicine products. The key elements of our strategy include the following:

- **Position our rhCollagen as the "gold standard" platform technology for collagen-based products in a broad range of markets.** We believe that our rhCollagen represents a significant advance in

collagen technology, demonstrated by its improved biofunctionality, superior homogeneity, and reduced risk of immune response. Our rhCollagen is a platform technology which can be utilized in a broad range of therapeutic, aesthetic, and other medical applications, as well as in emerging industries such as bio-printing which we believe cannot be adequately addressed with currently available collagen technologies. We intend to expand the awareness of rhCollagen through partnerships and collaborations with leading commercial and academic partners around the world and further clinical trials which we will seek to have published in peer-reviewed journals, as well as through our participation in academic and industry conferences, to position rhCollagen as the "gold standard" platform technology for collagen-based products. We believe our platform technology, and the knowledge and expertise we have gained in its development, will enable the development, both independently and with collaborators, of differentiated products in multiple industries with a short time to market.

- **Establish a regulatory process for rhCollagen-based end products using VergenixSTR and VergenixFG as precedent.** We are seeking to obtain marketing clearance of VergenixSTR and VergenixFG, through CE marking in Europe. The CE mark is a symbol that indicates that a product conforms with all applicable EU requirements and, once affixed, enables a product to be sold within the European Union and other countries that recognize the CE mark, subject to compliance with applicable submission and approval requirements in such other countries. After receiving CE marking for our initial products and generating adoption by key opinion leaders in Europe, we plan to hold a pre-Investigational Device Exemption, or IDE, meeting with the FDA. This meeting will help us determine the regulatory pathway required for FDA approval for our rhCollagen-based products. We believe that this strategy will allow us to gain earlier market access and thereby more rapid industry acceptance for our rhCollagen-based end products, since the timeline to achieve CE marking is generally shorter than the FDA approval route. Utilizing this strategy is expected to result in more physicians gaining exposure to rhCollagen-based products sooner. Following receipt of a CE mark, we will be able to conduct post-marketing surveillance studies of our products with key opinion leaders, resulting in physicians gaining more hands-on experience with rhCollagen. Should these post-marketing surveillance studies successfully demonstrate the efficacy of our initial product candidates, we will endeavor to have these results published in peer-reviewed medical journals as a means of expanding the clinical credibility of rhCollagen and rhCollagen-based end products.

- **Utilize collaborative partners and distributors to develop and commercialize our technology and products.** We believe the market-leading characteristics of our rhCollagen will create attractive collaboration opportunities for our product candidates, and we intend to selectively establish collaborations and strategic partnerships with respect to our current and future product candidates in order to accelerate their development and commercialization. We intend to create a commercial organization, initially in Europe, with well-established companies whose distribution networks are deeply entrenched. Our commercial organization will be comprised of the distribution networks of our collaboration partners, particularly in the United States and China, as well as local and regional distributors in certain markets.

- **Expand our manufacturing capacity to support commercialization of rhCollagen-based end products.** We cultivate the tobacco plants used in the production of our rhCollagen in a network of farms in Israel, and we extract the raw materials used to manufacture our rhCollagen from these tobacco plants. We intend to utilize a portion of the proceeds from this offering to construct a manufacturing facility in Israel that will enable us to manufacture commercial quantities of our rhCollagen and rhCollagen-based end products in a cost-competitive manner for application in both premium and commodity markets.

- **Expand our pipeline through ongoing development of new products.** We intend to continue to develop additional products, both independently and with strategic collaborators, initially in the

orthobiologics and advanced wound care markets and subsequently in other high value markets, based on our rhCollagen. Our product candidate pipeline and our research and development program are expected to yield new product candidates in the coming years. Some of these new product candidates are derivatives of current product candidates, and therefore may benefit from an easier regulatory pathway and shorter time to market, should our current product candidates receive regulatory approval.

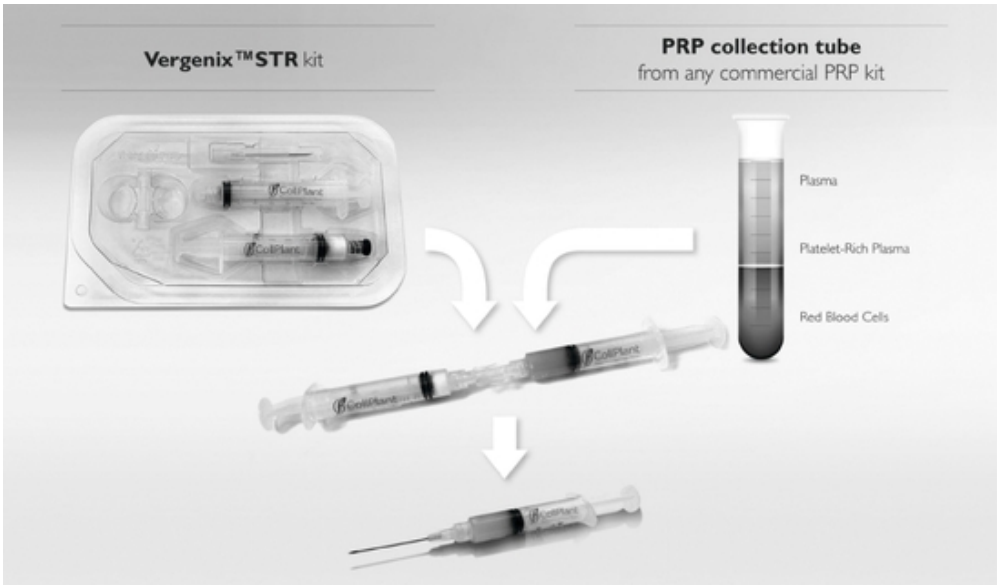
- **Advance our leadership position in recombinant protein production through our plant-based technology.** We continually seek to expand our knowledge of plant-based protein production systems and introduce improvements into our process. We are shifting production to an enhanced line of tobacco plants with higher collagen yield, along with improvements in the growing and cultivation process as well as collagen extraction and purification. As tissue engineering and regenerative medicine continue to evolve and expand, we expect that the demand for high-quality biomaterials will grow. We intend to collaborate with commercial and academic partners in order to identify and develop other recombinant proteins beyond collagen which may be produced with our proprietary plant-based protein production know-how.

Our Product Candidates

VergenixSTR—Tendinopathy Treatment

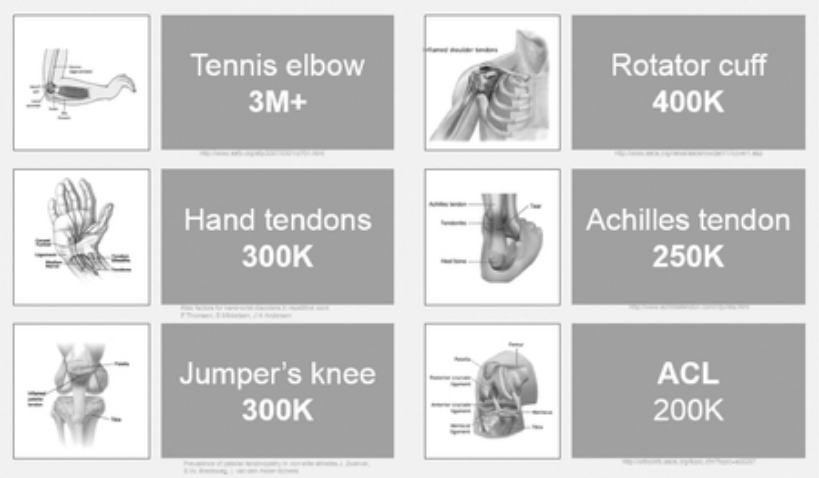
VergenixSTR is a soft tissue repair matrix which combines cross-linked rhCollagen with PRP, a concentrated blood plasma that contains high levels of platelets, a critical component of the wound healing process. Platelets contain growth factors that are responsible for stimulating tissue generation and repair, including soft tissue repair, bone regeneration, development of new blood vessels, and stimulation of the wound healing process. VergenixSTR serves as a scaffold to support cell proliferation and the release of growth factors. The product candidate is injected into the affected area, and forms a viscous gel matrix which serves as a temporary reservoir for PRP in the vicinity of a tendon injury site, holding the platelet concentrate in place at the injured area. The matrix formed has the capabilities to activate the platelets in PRP, thereby releasing growth factors in a controlled manner and controlled biodegradation time, enabling optimal healing.

The following graphic illustrates the VergenixSTR kit and application:



Market for Tendinopathy Treatment

VergenixSTR is intended for the treatment of tendinopathy by promoting healing and repair of tendon injuries in a variety of tendons including the elbow tendon (for treatment of "tennis elbow"), rotator cuffs, patellar tendons, Achilles tendon, and hand tendon.



Tendinopathy: Annual procedures per indication in the United States

Today, the main treatments offered for tendinopathy are local steroid injection, shock wave therapy, and PRP alone. PRP is an orthobiologic that has recently gained popularity as an adjuvant treatment for musculoskeletal injuries. PRP has found application in diverse surgical fields to enhance bone and soft-tissue healing by placing high concentrations of autologous platelets at the site of tissue damage. The platelets contain alpha granules that are rich in several growth factors and play key roles in tissue repair mechanisms. The relative ease of preparation, applicability in the clinical setting, favorable safety profile, and possible beneficial outcome make PRP a promising therapeutic approach for regenerative treatments. One of the challenges in utilizing PRP for tissue repair is the localization of the platelets in the vicinity of the injured tissue. PRP injected alone displays a tendency to migrate and is rapidly degraded. Without addressing the issue of platelet localization, PRP's efficacy will be limited, particularly in joints like the knee and shoulder which contain relatively large volumes of synovial fluid. VergenixSTR was developed to overcome these inherent limitations associated with the current use of PRP.

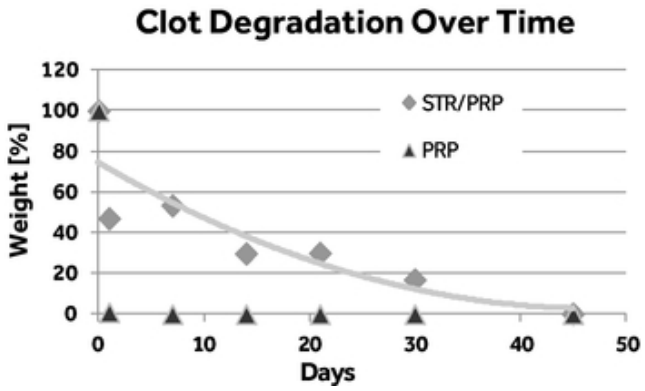
We estimate the size of the target market for VergenixSTR for treating tendinopathy is three million procedures per year, or approximately $2.0 billion. While our initial focus for VergenixSTR is in tendinopathy, the product platform of VergenixSTR may be applicable to other soft tissue indications such as tendon rupture, meniscus tear, and cartilage repair, as well as in the aesthetic market as a dermal filler. Transparency Market Research valued the global orthopedic soft tissue market at $5.6 billion in 2013. Globally, the aging population is playing a major role in increasing the incidence of sports injuries as the reduced flexibility and mobility associated with aging can make the body more prone to injury. Consequently, Transparency Market Research forecasts that the orthopedic soft tissue market will grow to $8.5 billion in 2019, a CAGR of 7.2%. The difficulties associated with healing in an aging population highlight the need for advanced orthobiologics products to serve this market.

VergenixSTR Product Development

As part of the VergenixSTR development, we conducted a number of preclinical studies to validate the treatment protocol and confirm the enhanced healing potential of the treatment. We completed a preclinical study in August 2013 based on an established model of tendinopathy induced in rats by

injection of collagenase into the Achilles tendon. The purpose of this study was to demonstrate the healing ability of VergenixSTR in the treatment of injured and inflamed tendons. The control group participating in the VergenixSTR testing was treated with an injection of PRP only. The efficacy of the product was assessed by histology, measuring parameters of healing at different stages. The preclinical study findings demonstrated that VergenixSTR resulted in lower initial inflammatory mononuclear cell levels, which correlates with a reduction in pain. This effect, along with observations on the appearance of mature fibrosis and elimination of early granulated tissue, suggests that VergenixSTR may accelerate the healing of tendons in comparison with the control treatment.

In a follow-up preclinical study, the ability of VergenixSTR to form a scaffold which is retained to promote healing was assessed through injection of the product into a subcutaneous pocket in rats. Animals treated with VergenixSTR demonstrated a slow degradation of the clot over a period of four to eight weeks, whereas the control group demonstrated nearly immediate dispersion of the injected material.

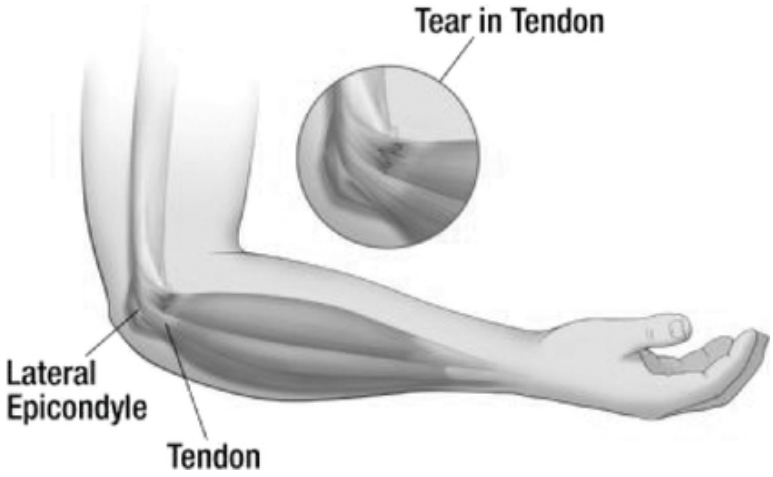


Results of subcutaneous clot implantation in rats. Clot degradation profile is presented as % of weight at time 0.

Analysis of the injection sites showed significant levels of the growth factors PGDF and VEGF, which are both due to the healing process, throughout the study period, suggesting that VergenixSTR is effective in retaining platelet-related growth factors at the site of tendon injury. The preclinical study results confirm VergenixSTR's ability to promote an improved healing process through the activity of platelet-related growth factors.

We are completing a 40 patient open label, single arm, multi-center clinical trial of VergenixSTR at hospitals in Israel to demonstrate safety and to evaluate the performance of VergenixSTR in patients suffering from tennis elbow or *lateral epicondylitis*. Tennis elbow is an inflammation of the tendons that join the forearm muscles on the outside of the elbow. The forearm muscles and tendons become damaged from overuse, leading to pain and tenderness on the outside of the elbow. Tennis, racquet

sports and other sports and activities are a common cause of this condition. Tennis elbow affects 1% to 3% of population in the United States and Europe.



The trial, which commenced in January 2015, initially enrolled 20 patients and was expanded to enroll an additional 20 patients, all of whom have been treated. Patients enrolled in the trial received a one-time injection of VergenixSTR and are monitored for the level of pain, tendon healing, and recovery of hand movement at three and six months after treatment.

In February 2016, we announced final results with respect to the first 20 patients enrolled in the trial. Results of the trial suggest that VergenixSTR is safe for use on human subjects. At the three-month and six-month follow ups, patients reported an average 55.8% and 58.1%, respectively, reduction in pain and improvement in motion as measured by the Patient-Rated Tennis Elbow Evaluation, or PRTEE, questionnaire. The PRTEE questionnaire is designed to measure reduction in pain and recovery of motion for patients with tennis elbow. Furthermore, at three and six months 80% and 90%, respectively, of patients treated with VergenixSTR showed at least a 25% reduction in pain and improvement in motion as measured by PRTEE. In contrast, a scientific study published in 2010 in the American Journal of Sports Medicine of standard-of-care tennis elbow therapies reported that, at three and six months 67% and 68% of PRP patients and 48% and 36% respectively, of steroid patients showed at least a 25% reduction in pain and improvement in motion as measured by PRTEE.

In December 2015, we applied for CE marking following interim results from the first 23 patients enrolled in the trial. We expect to receive CE marking and announce results from the second 20 patients in the third quarter of 2016. The data from the second 20 patients is intended to support future sales efforts. After receiving CE marking in Europe and commencement of sales in Europe, we intend to pursue regulatory approval for VergenixSTR in the United States; however, there is no assurance that our application for CE marking will be granted on a timely basis or at all.

VergenixFG—Wound Filler

VergenixFG is an advanced wound care product candidate based on our rhCollagen. VergenixFG is intended for the treatment of deep surgical incisions and deep wounds, including diabetic ulcers, burns, bedsores, and other chronic wounds that are difficult to heal. VergenixFG is designed to be easy to use and to be administrated through a cannula by a doctor or nurse. The VergenixFG formulation provides a scaffold of pure human collagen, an important characteristic in promoting the closure of wounds, that fills the wound bed and is engineered to create maximal contact with the surrounding tissue, which is believed to enhance healing. VergenixFG provides complete coverage of the wound site, facilitates wound closure through an engineered synchronization between scaffold degradation and growth of new tissue, and offers a non-allergenic and pathogen-free scaffold for safe and efficacious wound care

therapy. Other flowable gel products are available on the market, but they are based on tissue-derived collagen.

Market for Chronic Wounds

VergenixFG is designed to meet the needs of the advanced wound care market, initially in the treatment of chronic wounds. Chronic wounds are rarely seen in individuals who are otherwise healthy. Major chronic diseases such as peripheral vascular diseases, cardiovascular diseases, diabetes, and other debilitating diseases have led to an increase in the incidence of chronic wounds. In wound healing, a cascade of events occurs that includes platelet accumulation, inflammation, fibroblast proliferation, cell contraction, angiogenesis, and re-epithelization, ultimately leading to scar formation. A chronic wound is stalled at one of these healing stages. This usually occurs during the inflammatory phase and is linked to elevated levels of the enzyme matrix metalloproteinase (MMPs) in the wound. During normal wound healing, proteases such as MMPs are attracted to the wound during the inflammatory phase and have an important role in breaking down unhealthy extracellular matrices (ECMs) so that new tissue forms. However, when MMPs are present in a wound at elevated levels for a prolonged period of time, this results in the destruction of healthy ECMs, which is associated with delayed wound healing and an increase in wound size. When the excess of MMPs is not balanced by normal physiological processes, alternative methods are required to reduce protease levels in the wound. This suggests a role for dressings containing collagen in the management of wounds where healing is stalled, as dressings containing collagen are thought to provide the wound with an alternative collagen source that can be degraded by the high levels of MMPs as a sacrificial substrate, leaving the body's native collagen to continue normal wound healing

We plan on selling VergenixFG at a competitive price to the other advanced healing products in the market. One of the most common areas where chronic wounds are seen is with diabetic foot ulcers. We estimate the diabetic foot ulcer market for VergenixFG to be approximately 300,000 patients and $500 million annually. Diabetic foot ulcers represent about one quarter of the total chronic wound market, indicating that our initial target market is several magnitudes greater than this market alone. We also see the opportunity for expansion of VergenixFG beyond chronic wounds into the treatment of deep surgical incisions. The National Center for Health Statistics reported a total of 51.4 million inpatient surgical procedures took place in the United States in 2010, and we believe at least half of those resulted in a major surgical wound that could benefit from an advanced wound closure product such as VergenixFG to facilitate healing.

VergenixFG Product Development

As part of our product development of VergenixFG during the years 2011 to 2013, preclinical studies were conducted by an external laboratory under Good Laboratory Practices, or GLPs. The purpose of the studies was to investigate the performance of VergenixFG in the treatment of wounds in large animals in comparison to a competing product produced from bovine collagen. In a cutaneous full-thickness wound pig model, a broadly accepted model for the human healing process, 95% wound closure was observed with VergenixFG at day 21 compared to 68% closure in wounds treated with the benchmark product. Moreover, VergenixFG treatment induced an early angiogenic response and induced a significantly lower inflammatory response than in the control group. The researchers concluded that VergenixFG proved effective in animal wound models and is expected to be capable of reducing the healing time of human wounds.

We have completed an open label, single arm, multi-center registration trial of VergenixFG of 20 patients in Israel to demonstrate safety and to evaluate the performance of VergenixFG in patients with hard-to-heal chronic wounds of the lower limbs. Patients enrolled in the trial, which commenced in November 2014, received a single treatment of VergenixFG followed by a four-week follow up. Product

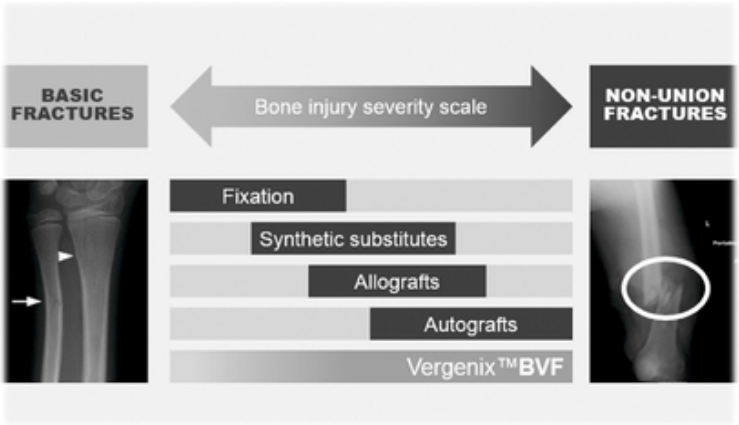
performance was examined according to several measures, the main one being the percentage of wound closure achieved.

In November 2015, we announced final results of the trial, which indicated that VergenixFG is safe for use on human subjects. An analysis of the final results found average wound closure rates of 80% within four weeks of treatment, with 9 of the 20 patients treated (45%) achieving full wound closure in that time period. In contrast, according to a scientific study published in 2014 in the International Wound Journal treatment with the current standard-of-care resulted in complete wound closure after 12 weeks of treatment in just 24% of patients, for wounds comparable in their severity to the wounds treated in our VergenixFG trial.

In February 2016, we received CE marking certification for VergenixFG and in June 2016 entered into our first distribution agreement with an Italian company to distribute VergenixFG in Italy. In July 2016 we supplied our first order. We intend to enter into additional distribution agreements in Europe and following adoption by key opinion leaders there intend to pursue regulatory approval for VergenixFG in the United States under the PMA regulatory pathway.

VergenixBVF—Bone Healing Implant

VergenixBVF is a novel resorbable scaffold composed of our rhCollagen and synthetic minerals that mimics bone structure intended for use in posterolateral spinal fusion and trauma and other orthopedic applications. We intend to develop VergenixBVF as a product platform for the development of bone void filler products which can be used as a one-time treatment that is easy to implant during open surgery and will cover a broad spectrum of bone repair indications (see figure below).



The VergenixBVF platform covers a broad range of bone fractures

The scaffold is designed to be charged with a growth factor which will stimulate bone growth and tissue growth in a controlled manner. The platform also has the potential to support additional product applications where it is charged with cells or therapeutics, further expanding the potential market for VergenixBVF-related products.

Market for Bone Repair Products

The initial VergenixBVF product candidate is intended to be used as a bone void filler, initially targeting trauma. According to GlobalData, there were an estimated 414 million trauma-related bone grafting procedures across 10 major markets in 2013, accounting for 22% of all bone grafting procedures.

This product candidate will have wide applicability in skeletal procedures, and we expect that it will be used in multiple markets, including spinal fusion. GlobalData estimates that a total of 1.8 million bone-grafting procedures were performed in 2013 worldwide, with approximately one million related to spinal fusion. Spinal fusion procedures have the highest utilization rates of bone graft substitutes across all bone grafting procedures. We estimate the size of the worldwide target market for the initial VergenixBVF product candidate at one million procedures per year, representing a market size of approximately $3.5 billion.

VergenixBVF Product Development

VergenixBVF was initially developed by us in collaboration with Pfizer, Inc. The product under development in our collaboration with Pfizer was VergenixBVF charged with a recombinant bone growth protein developed by Pfizer. The collaboration agreement with Pfizer expired in 2013, and since then we have continued the development of VergenixBVF under a strategic collaboration arrangement with another U.S.-based corporate collaborator that now owns the commercialization rights to this protein.

In the initial VergenixBVF product candidate, the scaffold will act as a carrier to enable sustained release of the recombinant bone growth protein to induce cell infiltration and proliferation. VergenixBVF combined with a growth factor was tested in different animal models to verify its performance in bone healing. In these studies, the product candidate showed more rapid bone growth when compared with currently marketed products, an advantage we believe will be translated to human bone repair.

The initial VergenixBVF product candidate is in the preclinical development stages with a U.S.-based corporate collaborator. We are currently negotiating a definitive agreement with this U.S.-based corporate collaborator, pursuant to a non-binding term sheet entered into on July 9, 2015, for the further development and potential commercialization and supply of a surgical matrix that utilizes VergenixBVF, intended for use in spinal fusion and trauma applications.

Technology

Our rhCollagen is based upon research conducted by our founder and Chief Scientific Officer, Prof. Oded Shoseyov. We believe our technology is the only viable technology available for the production of recombinant type I human collagen, the most abundant collagen in the human body.

The production of our rhCollagen begins with the creation of genetically engineered cultures which are transferred to selected greenhouses across Israel, and continues with the harvesting of tobacco leaves and the processing of such leaves to an extract which then undergoes purification until the completion of the rhCollagen.

Five human genes encoding heterotrimeric type I collagen are introduced into tobacco plants. The three protein chains that make up type I collagen—two a1 protein chains and one a2 protein chain—are encoded by two genes. The other three genes encode the human prolyl-4-hydroxylase (P4Ha and P4Hb) as well as lysyl hydroxylase 3 (LH3) enzymes. These enzymes are responsible for key post-translational modifications of collagen, and plants co-expressing all five of these vacuole-targeted genes generate intact procollagen. The plants are grown in a greenhouse under strict growing protocols and mature leaves are transported to a protein extraction facility. Upon extraction, pro-collagen is enzymatically converted to atelocollagen using a plant-derived protease. The protein is purified to homogeneity through a cost-effective industrial process taking advantage of collagen's unique properties which make it soluble at a very low pH.

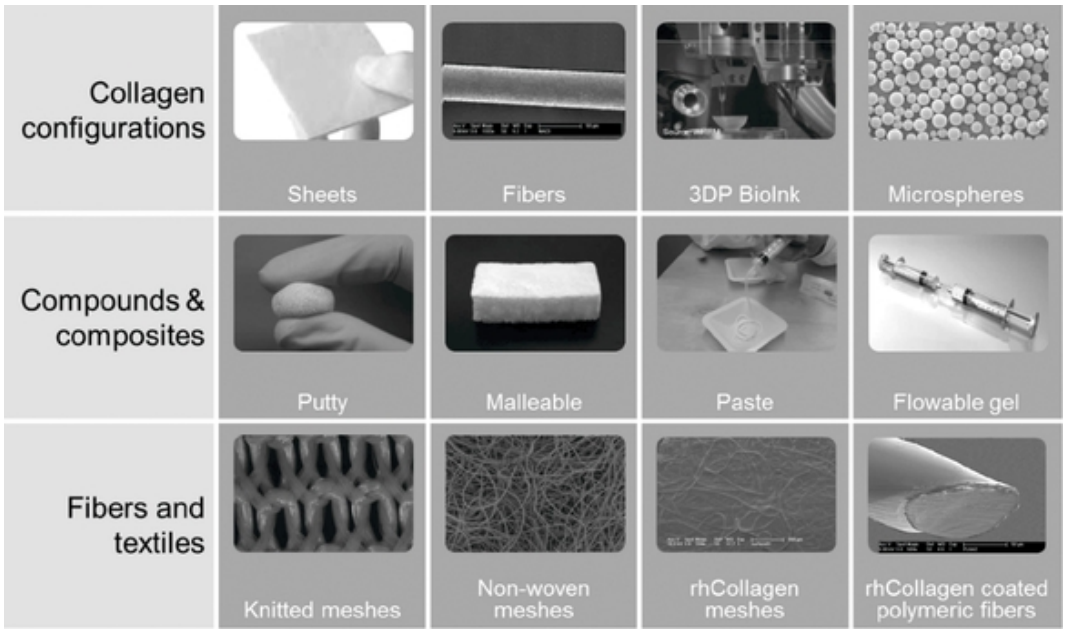
RhCollagen forms thermally stable triple helix structures which readily fibrillate at natural pH and low sodium chloride concentrations, making it ideal for use in the manufacture of products for tissue

repair in the human body. Binding of integrins (transmembrane receptors) presented by the cells to a specific 3-D structure on type I collagen fibrils requires a perfect triple helix. This binding is essential for binding and proliferation of cells on tissue repair scaffolds. In a recent study published in the *Journal of Biomedical Materials Research Part B: Applied Biomaterials*, rhCollagen was compared with acid-solubilized collagen from bovine dermis and pepsin-solubilized collagen from human fibroblast cell culture. Tested samples of the tissue-derived collagens had random fibrillar organization, whereas rhCollagen membranes showed far greater regional fibril alignment and transparency. RhCollagen membranes also showed better thermal stability compared with the tissue-derived collagens. The authors concluded that cross-linked rhCollagen membranes had a superior combination of desirable properties, namely higher transparency, higher thermal and tensile strengths, and adequate hydration.

We have selected tobacco as the medium for production of rhCollagen due to certain attributes of the tobacco plant that provide us with a number of advantages:

- The genetic structure of tobacco is well understood and therefore can be effectively manipulated.
- We can monitor the effect of weather conditions on the accumulation of proteins in the plants, which allows us to make optimal use of the growing area. We control the growing process in order to maximize yields.
- Because tobacco is not part of the food chain, there are no concerns about cross-contamination of the food supply that could result from genetically modified plants, which eases the regulatory burden.
- Tobacco plants may be grown in very large volumes and its growth time until reaching the desired maturity is relatively short (about eight weeks).

We have developed a large portfolio of configurations and composites based on our rhCollagen that are used to create high-quality products, including our three product candidates, as follows:



Our Development Activities

Development History

Our rhCollagen was first developed as a collaboration among several commercial partners and the Hebrew University of Jerusalem, a major academic institution in Israel, under the direction of our founder, Professor Oded Shoseyov. Prof. Shoseyov is a faculty member at the Robert Smith Institute of Plant Science and Genetics at the Hebrew University of Jerusalem. The intellectual property was transferred to our wholly owned subsidiary, CollPlant Ltd.

As part of our regulatory strategy, we first developed and achieved a CE marking for a collagen-based non-invasive dressing, VergenixWD. We believe that VergenixWD is the first medical device in the world based on rhCollagen to be authorized for marketing. VergenixWD is a sterile, biodegradable advanced wound care sheet supplied in various sizes, composed of rhCollagen that provides a moist wound healing environment. Currently, we are not promoting a marketing strategy for VergenixWD, which is considered a commodity product, and it is not part of the advanced wound care market that is our target market. We pursued a CE mark for this product as a predicate product for our intended CE marking for our VergenixSTR and VergenixFG product candidates in the European Union.

Future Development

To facilitate efficient development, our management holds annual research and development meetings where they prioritize development projects and determine future product candidates. The prioritization process is based on several factors, including our business plan, commercial potential of the product candidate, time to market, cost of development, feasibility of the project, and our established strategic objectives. We have several development projects which are in different stages of development.

Future Product Candidates

We periodically examine the continued development of other collagen-based product candidates that we have conceived. Each one of our current product candidates offers a platform to product derivatives that can address other indications and contribute to our pipeline and revenues. These derivative product candidates include, for example, the use of VergenixSTR for ACL repair and ophthalmology applications, and the use of VergenixFG for the treatment of deep surgical incisions. We currently have in-house research and development projects related to tendon rupture and surgical wounds and are actively seeking collaborators in these indications. We are also pursuing other platforms for our rhCollagen, such as biomaterial coatings in order to reduce foreign body response and tissue adhesion, through ongoing research and business development discussions.

BioInk for 3-D Bio-printing

3-D bio-printing is being applied to regenerative medicine to address the need for complex scaffolds and tissues and organs suitable for transplantation. We are developing BioInks suitable for 3-D printing using our rhCollagen. Our researchers have chemically modified the gelling behavior of the collagen to adapt the biological molecules for printing. Instead of gelling like unmodified collagen, the BioInks remain fluid during printing. Once the BioInks are irradiated with UV light, they cross-link and cure to form hydrogels. We have the ability to control the chemical modification of the biological molecules so that the resulting gels have differing strengths and swelling characteristics. The properties of natural tissue can therefore be imitated—from solid cartilage to soft adipose tissue.

Other Recombinant Proteins

As tissue engineering and regenerative medicine continue to evolve and expand, we expect that the demand for high-quality biomaterials will grow. There are a number of other extracellular proteins such as elastin, fibronectin, and different types of collagen which may be produced through our plant production system. Another protein, Resilin, has been produced using another proprietary technology for the production of recombinant proteins. Resilin is a polymeric rubber-like protein secreted by insects to specialized cuticle regions, in areas where high resilience and low stiffness are required. Combining collagen at the nano-scale with Resilin to produce fibers resulted in super-performing fibers with greater tensile strength and elasticity exceeding that of natural collagen fibers. This composite biomaterial can be used in indications where elasticity, strength, and memory shape properties are required, such as tendons, meniscus, and nucleus polyposis.

Manufacturing, Supply, and Production

The majority of our product research and development work is carried out at our offices and research laboratories in the Weizmann Science Park in Ness-Ziona, Israel. The agricultural research and development and extraction activities for our rhCollagen are carried out at our site in the north of Israel.

We work with subcontractors with greenhouses for growing the tobacco plant containing human collagen in several locations in Israel. This tobacco growth occurs year-round and is optimized to the climate conditions in order to achieve the maximum amount of the protein in the leaves. The growers use our protocols and are monitored by our agronomists to ensure their compliance with these protocols. Each grower has the infrastructure that can be scaled-up to accommodate future demand without additional capital expenditures.

We perform the extraction process by which rhCollagen is extracted from the tobacco plants at our manufacturing facility in the north of Israel. The collagen purification process which produces rhCollagen is carried out by dedicated subcontractors spread across Israel. Our rhCollagen-based product candidates are currently manufactured in the United States by a subcontractor using rhCollagen we supply to them under our production protocols.

We currently have the ability to produce sufficient quantities of quality recombinant type I human collagen to support our product development activities and the expected commercial launch of the VergenixFG product and the VergenixSTR product candidates in Europe in 2016. We are undertaking development and optimization of the production process, which will enable us to increase production capacity and reduce production costs. Our activities are focused on yield improvement, scale-up, and cost reduction.

While our upstream and downstream processes are quite robust and efficient, we continuously invest in further yield improvement and scalability, in order to reduce costs. In order to increase yield, we plan to increase biomass per growing area by using new genetic derivatives, improvement and optimization of growing techniques, and introduction of online controls. Our next-generation tobacco plants have been created through improved genetics and cross-breeding, and produce three times the amount of collagen as our first-generation plants. Shifting our growing process from tissue culture techniques to cultivation of plants from seed, which we are implementing in 2016, will also streamline the production process and reduce costs. In addition, increased growing areas will reduce overall cost per harvest. We also plan further process optimization of our extraction process to increase yields.

We are currently developing a full in-house purification capability. Following the purification process development, and in order to accommodate upcoming commercialization requirements, we will increase our overall production capacity through the establishment of a new facility which will be equipped with the production equipment and infrastructure to support the larger scale (i.e., clean

rooms, water and air systems). We intend to utilize a portion of the proceeds of this offering to construct this manufacturing facility in Israel, which will enable us to produce large commercial quantities of our rhCollagen and rhCollagen-based end products.

Under our current production techniques, we achieve a cost of goods that allow us to offer competitive pricing in the orthobiologics, advanced wound care, and other premium collagen-based products markets. We anticipate that the above-mentioned production enhancements will reduce the production cost of our rhCollagen to a level that will enable us to be competitive in both premium and commodity markets for collagen-based products.

Sales, Marketing, and Distribution

Our plan for marketing and distributing VergenixSTR and VergenixFG in the initial European market is to partner with large, established distributors to sell our products. In June 2016, we entered into our first distribution agreement with an Italian company to distribute VergenixFG in Italy and in July 2016 we supplied our first order. We are currently in discussions with additional distributors in Europe for the commencement of sales of Vergenix FG in additional European countries, and for the commencement of sales of VergenixSTR after receiving CE marking. These potential distributors are active in the orthobiologics and wound healing markets and have the existing sales infrastructure in place.

We have commenced a Post Marketing Surveillance study with our European Key Opinion Leaders in order to generate additional clinical data that demonstrates the efficacy and superiority of our products. The study is intended to facilitate market adoption of our products in Europe, as well as provide additional support for the submission package to other regulatory agencies, such as the FDA.

We anticipate that any products we develop in collaboration with a strategic partner or collaborator, such as the VergenixBVF product candidate, will be marketed by the partner's sales force.

During 2013, we entered into a non-binding memorandum of understanding with Trauwin, a strategic shareholder based in China. We agreed in principle, subject to the negotiation of a definitive agreement, that Trauwin or its affiliate would distribute our products (excluding orthopedic products) in China.

Our proprietary end products will be marketed to physicians, hospitals, and clinics. We plan to expand the awareness of rhCollagen and our rhCollagen-based products to the end users through the publication of clinical trial data as well as marketing studies we may conduct, along with participation in academic and industry conferences. We will also market our rhCollagen to companies developing products using collagen which do not compete with our primary end products. We anticipate entering into collaborations or partnerships with these companies where we would supply them with rhCollagen for use in their products in return for royalties.

Until recently, our only sales of rhCollagen were to different consumers in the research market. We sell our rhCollagen in the research market under the brand name Collage. Sigma-Aldrich Company distributes Collage in the global research market, which includes, among others, academic institutions and hospitals worldwide. The Collage that we sell to Sigma-Aldrich under this framework is intended only for research laboratories (*in vitro*) and not for preclinical or clinical (*in vivo*) uses. To date, sales to Sigma-Aldrich were immaterial in scope and amount.

Competition

We are not aware of any competitors that produce human collagen from plants or that produce recombinant type I human collagen. However, our industry is characterized by rapidly evolving technology and intense competition, and our rhCollagen-based product candidates will compete with several alternative tissue-derived or synthetic products. Adequate protection of intellectual property, successful product development, adequate funding, and retention of skilled, experienced, and professional personnel are among the many factors critical to success in the pharmaceutical industry.

Generally, our competitors currently include large fully integrated companies, as well as academic research institutes and companies in various developmental stages that develop alternative sources and forms of collagen and tissue-derived products.

Our VergenixSTR product candidate will compete with companies that sell PRP kits, including Biomet Inc., Arthrex Inc., Harvest Technologies Corporation, MTF Sports Medicine, and Arteriocyte Medical Systems Inc.

The primary competitors to our VergenixFG product candidate are products based on tissue-derived collagens. The lead competitors in this area are Integra Lifesciences Corporation, which manufactures products used in tissue regeneration, spine and nervous system regeneration and the treatment of wounds, and Wright Medical Technology Inc., which manufactures and markets tissue-derived collagens and sells collagen products (sponges, sheets, gel) produced from skin donations for a wide range of medical treatments such as wound healing and orthopedics.

Our VergenixBVF product platform will compete primarily with Medtronic Inc.'s INFUSE bone graft product, which combines a recombinant bone growth protein and bovine-based collagen; Nuvasive Inc.'s Osteocel, a cellular bone matrix product; and Othrofix's TRINITY ELITE allograft product.

Intellectual Property

Our success depends, in part, on our ability to protect our proprietary technology and intellectual property. We rely on a combination of patent, trade secret, and trademark laws in the United States and other jurisdictions to protect our intellectual property rights. In addition, we rely on proprietary processes and know-how, intellectual property licenses, and other contractual rights, including confidentiality and invention assignment agreements, to protect our intellectual property rights and develop and maintain our competitive position.

Patents

We have a global patent portfolio that is comprised of eight patent families. Almost two dozen of our patent applications have issued as patents or will issue soon, having been allowed by the relevant patent office. We have exclusive ownership of 17 issued patents in our patent family that cover methods of creating collagen-producing plants and two issued patents in our patent family that cover methods of processing recombinant collagen. These issued patents and others that may issue in the future in these patent families, assuming timely payment of annual fees, are expected to expire beginning in 2025. Our patent portfolio also includes patent families that cover production and use of collagen.

In addition, our patent portfolio includes pending applications, some of which are jointly owned with Yissum, as well as issued patents that are jointly owned with Yissum, which cover production of other biomaterials. Our more recently filed patent applications, if granted, could provide patent protection for our rhCollagen through 2034.

We are not aware of any impediments to the patent applications being granted in the United States or other jurisdictions. However, our patent applications may never issue as patents, and our issued patents and any that may issue in the future may be challenged, invalidated or circumvented.

Trade Secrets and Confidential Information

In addition to patented technology, we rely on our trade secrets and continuing technological innovations to develop and maintain our competitive position. In an effort to protect our trade secrets, we rely on, among other safeguards, confidentiality and invention assignment agreements to protect our proprietary technology, know-how and other intellectual property that may not be patentable or that we believe is best protected by means that do not require public disclosure. For example, we require our

employees, consultants and advisors to execute confidentiality agreements in connection with their employment or consulting relationships with us, and to disclose and assign to us inventions conceived in connection with their services to us. These agreements also provide that all confidential information developed or made known to the individual during the course of their relationship with us must be kept confidential, except in specified circumstances.

Trademarks

We rely on trade names, trademarks and service marks to protect our name brands. Our registered trademarks in several countries include the following: "collage" and "Vergenix."

Materials Transfer Agreements

We periodically enter into materials transfer agreements with commercial organizations, medical institutions and research and development institutions to transfer materials and product candidates developed by us. These agreements include provisions that are customary for such agreements concerning the permitted use of the transferred material and any results obtained using the material, confidentiality, the rights in the transferred materials and in the results of the research and/or development in which the materials are used, and instructions concerning care and usage of the materials. These agreements may be used as a basis for further cooperation between us and the counterparties.

We may be unable to obtain, maintain, and protect the intellectual property rights necessary to conduct our business, and may be subject to claims that we infringe or otherwise violate the intellectual property rights of others, which could materially harm our business. For a more comprehensive summary of the risks related to our intellectual property, see "Risk Factors."

Agreement with Yissum Research Development Company of the Hebrew University of Jerusalem Ltd. with respect to our rhCollagen

Under an agreement dated July 13, 2004 among Meytav—Technological Innovation Center Ltd., Yehuda Zafrir Fagin, Yissum Research Development Company of the Hebrew University of Jerusalem Ltd., or Yissum, and Prof. Oded Shoseyov (our chief scientific officer and a director), we carried out a research and development project to develop a process for the production of quality human collagen in plants and further developed the resulting product candidates created by us, Professor Shoseyov and Zafrir, for commercial applications. Yissum and Professor Shoseyov have assigned all intellectual property rights developed by Professor Shoseyov and owned by them to us, including the intellectual property rights in connection with the development of the method for production of quality human collagen in plants. Pursuant to this agreement, in the event of: (i) the appointment of a receiver or liquidator for all or substantially all of our assets, which appointment is not removed within sixty days; (ii) our passing a resolution for a voluntary winding up, or a winding up application being made against us and not set aside within sixty days; or (iii) our making an assignment of rights or other assets for the benefit of our creditors, all rights in such patents and trade secrets will revert to Yissum. In connection with this reversion right, we agreed that all intellectual property rights that can be registered in connection with such project would be registered with a 1% ownership interest in Yissum's name, solely in order to protect Yissum's reversion right. However, to date, all of our patents regarding our rhCollagen have been registered (or are proposed to be registered) with our wholly owned subsidiary, CollPlant Ltd., as 100% owner, without reflecting Yissum's 1% interest. Accordingly, Yissum may claim that such intellectual property rights should be registered in accordance with the terms of the agreement.

Government Regulation

We are a developer of tissue products which are subject to extensive regulation as medical devices in the United States, the European Union and other jurisdictions. These regulations govern, among other things, the introduction of new medical devices, the observance of certain standards with respect to the design, manufacture, testing, promotion and sales of the devices, the maintenance of certain records, the ability to track devices, the reporting of potential product defects, the import and export of devices, and other matters.

As a medical device company that wishes to obtain marketing authorization in the United States, we are subject to extensive regulation by the FDA and other federal, state, and local regulatory agencies. The Federal Food, Drug, and Cosmetic Act, or FD&C Act, the Public Health Service Act, or the PHS Act, and their implementing regulations set forth, among others, requirements for the research, testing, development, manufacture, quality control, safety, effectiveness, approval, labeling, storage, record keeping, reporting, distribution, import, export, advertising, and promotion of our product candidates. A failure to comply with relevant requirements may lead to administrative, civil, or criminal sanctions. These sanctions could include the imposition by the FDA of a clinical hold or other suspension on clinical trials, refusal to approve pending marketing applications or supplements, withdrawal of approval, warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, civil penalties, or criminal prosecution.

Although the discussion below focuses on regulation in the United States, we anticipate seeking approval for the marketing of our product candidates in other countries which have their own regulatory requirements. Generally, our activities in other countries will be subject to regulations that are similar in nature and scope as that imposed in the United States such as medical device approval, quality system requirements, product data and certifications, although there can be important differences and the number and scope of these regulatory requirements are generally increasing.

We must obtain approval by comparable regulatory authorities of foreign countries outside of the European Union and the United States before we can commence clinical trials or marketing of our product candidates in those countries. The approval process varies from country to country and the process may be longer or shorter than that required for FDA approval. In addition, the requirements governing the conduct of clinical trials, product licensing, pricing, and reimbursement vary greatly from country to country. In all cases, clinical trials must be conducted in accordance with the FDA's regulations, commonly referred to as good clinical practices, or GCPs, and the applicable regulatory requirements and ethical principles that have their origin in the Declaration of Helsinki.

Government regulation may delay or prevent testing or marketing of our product candidates and impose costly procedures upon our activities. The testing and approval process, and the subsequent compliance with appropriate statutes and regulations, require substantial time, effort, and financial resources, and we cannot be certain that the FDA or any other regulatory agency will grant approvals for our product candidates or any future product candidates on a timely basis, or at all. The policies of the FDA or any other regulatory agency may change and additional governmental regulations may be enacted that could prevent or delay regulatory approval of our product candidates or any future product candidates or approval of new indications or label changes. We cannot predict the likelihood, nature or extent of adverse governmental regulation that might arise from future legislative, judicial, or administrative action, either in the United States or abroad.

Approval by Health Authorities

The following is a summary review of the laws and regulations governing our operations. Our product candidates are medical product candidates, and their marketing, once development is complete,

is contingent upon approval of the health authorities in every country in which the product candidates will be marketed:

Israel

Our operations are subject to permits from the Israeli Ministry of Health in Israel (Ministry of Health) on two levels:

- First, the registration of medical devices, importing and marketing the medical devices and accessories, and issuing the documentation necessary for the export of medical devices from Israel are all supervised by the medical accessories and devices unit (AMR) of the Ministry of Health.

- Second, pertaining to research and development, clinical trials in humans are subject to the approval of the Helsinki Committee, which acts by force of the Public Health Regulations (Trials in Human Beings), 1980 (Trials in Human Subjects Regulations) and according to the guidelines of the Helsinki declaration, or any other approval required by the Ministry of Health. According to the Trials in Human Beings Regulations, the Helsinki Committee must plan and approve every experimental process that involves human beings. The Helsinki Committee is an institutional committee that acts in the medical institution where the trial is performed and is the party that approves and supervises the entire trial process. In practice, the physician, who is the principal investigator, submits a trial protocol to the committee on behalf of the requesting party. The committee forwards its decisions regarding the requests for clincial trials that were approved by the committee to the manager of the medical institute and the manager has the authority to approve the requests without additional approval of the Ministry of Health. According to the procedure for medical trials in human beings of the Ministry of Health, the Helsinki Committee will not approve performance of a clincial trial, unless it is absolutely convinced that the following conditions, among others, are fulfilled: (i) the expected benefits for the participant in the clincial trial and to the requesting party to justify the risk and the inconvenience involved in the clincial trial to its participant; (ii) the available medical and scientific information justifies the performance to the requested clincial trial; (iii) the clincial trial is planned in a scientific manner that enables a solution to the tested question and is described in a clear, detailed, and precise manner in the protocol of the clincial trial, conforming with the Helsinki principles declaration; (iv) the risk to the participant in the clincial trial is as minimal as possible; (v) optimal monitoring and follow-up of the participant in the clincial trial; (vi) the initiator, the chief researcher and the medical institute are capable and undertake to allocate the resources required for adequate execution of the clincial trial, including qualified personnel and required equipment; and (vii) the nature of the commercial agreement with the chief researcher and the medical institute does not impair the adequate performance of the clincial trial.

All phases of clinical trials conducted in Israel must be conducted in accordance with the Trials in Human Subjects Regulations, including amendments and addenda thereto, the Guidelines for Clinical Trials in Human Subjects issued by the Israel Ministry of Health (the Guidelines) and the International Conference for Harmonized Tripartite Guideline for Good Clinical Practice. The regulations and the Guidelines stipulate that a medical study on humans will only be approved after the Helsinki Committee at the hospital intending to perform the study has approved the medical study and notified the relevant hospital director in writing. In addition, certain clinical studies require the approval of the Ministry of Health. The relevant hospital director, and the Ministry of Health, if applicable, also must be satisfied that the study is not contrary to the Helsinki Declaration or to other regulations.

Additionally the Israeli penal code prohibits bribing a foreign public employee in exchange for any action related to such employee's role, in order to achieve, guarantee, or promote business activities or other business advantage.

United States

The regulatory process of obtaining product approvals and clearances can be onerous and costly. Foreign companies manufacturing medical devices intended for sale in the United States are required to meet the FDA's regulatory requirements. The FDA does not recognize the regulatory certification provided by governmental authorities of other countries.

Pre-Marketing Regulation

In the United States, medical devices are regulated by the FDA. Unless an exemption applies, a new medical device will require either prior 510(k) clearance or approval of a premarket approval application, or PMA, before it can be marketed in the United States. The information that must be submitted to the FDA in order to obtain clearance or approval to market a new medical device varies depending on how the medical device is classified by the FDA. Medical devices are classified into one of three classes on the basis of the controls deemed by the FDA to be necessary to reasonably ensure their safety and effectiveness. Class I devices, which are those that have the lowest level or risk associated with them, are subject to general controls, including labeling, premarket notification, and adherence to the QSR. Class II devices are subject to general controls and special controls, including performance standards. Class III devices, which have the highest level of risk associated with them, are subject to most of the previously identified requirements as well as to premarket approval. Most Class I devices and some Class II devices are exempt from the 510(k) requirement, although manufacturers of these devices are still subject to registration, listing, labeling and QSR requirements.

A 510(k) premarket notification must demonstrate that the device in question is substantially equivalent to another legally marketed device, or predicate device, that did not require premarket approval. In evaluating the 510(k), the FDA will determine whether the device has the same intended use as the predicate device, and: (i)(a) has the same technological characteristics as the predicate device, or (b) has different technological characteristics; and (ii)(a) the data supporting the substantial equivalence contains information, including appropriate clinical or scientific data, if deemed necessary by the FDA, that demonstrates that the device is as safe and as effective as a legally marketed device, and (b) does not raise different questions of safety and effectiveness than the predicate device. Most 510(k)s do not require clinical data for clearance, but the FDA may request such data. If the FDA does not agree that the new device is substantially equivalent to the predicate device, the new device will be classified in Class III, and the manufacturer must submit a PMA.

The PMA process is more complex, costly, and time consuming than the 510(k) clearance procedure. A PMA must be supported by extensive data including, but not limited to, technical, preclinical, clinical, manufacturing, control, and labeling information to demonstrate to the FDA's satisfaction the safety and effectiveness of the device for its intended use. After a PMA is submitted, the FDA has 45 days to determine whether it is sufficiently complete to permit a substantive review. If the PMA is complete, the FDA will file the PMA. The FDA is subject to performance goal review times for PMAs and may issue a decision letter as a first action on a PMA within 180 days of filing, but if it has questions, it will likely issue a first major deficiency letter within 150 days of filing. It may also refer the PMA to an FDA advisory panel for additional review, and will conduct a preapproval inspection of the manufacturing facility to ensure compliance with the QSR, either of which could extend the 180-day response target. A PMA can take several years to complete, and there is no assurance that any submitted PMA will ever be approved. Even when approved, the FDA may limit the indication for which the medical device may be marketed. Changes to the device, including changes to its manufacturing process, may require the approval of a supplemental PMA.

If a medical device is determined to present a "significant risk," the manufacturer may not begin a clinical trial until it submits an investigational device exemption, or IDE, to the FDA and obtains approval of the IDE from the FDA. The IDE must be supported by appropriate data, such as animal and laboratory testing results, and include a proposed clinical protocol. The clinical trials must be conducted in accordance with applicable regulations, including but not limited to the FDA's IDE regulations and current good clinical practices. A clinical trial may be suspended by the FDA or the sponsor at any time for various reasons, including a belief that the risks to the study participants outweigh the benefits of participation in the trial. Even if a clinical trial is completed, the results may not demonstrate the safety and efficacy of a device, or may be equivocal or otherwise not be sufficient to obtain approval.

In August 2010, we submitted a 510(k) notification to the FDA for VergenixWD, a collagen-based non-invasive dressing. In October 2010, we received notice that the Center for Devices and Radiological Health, or CDRH, which is the FDA center with jurisdiction over medical devices, determined that the product candidate required a submission of a PMA for regulatory approval and not a 510(k). We filed an appeal of this decision which was denied, and in April 2012, the FDA confirmed its previous determination that our product candidate would require PMA approval prior to its marketing in the United States. We believe that most, if not all, of our product candidates will be subject to the PMA process.

We expect, based on our prior limited interaction with the FDA in connection with our predecessor wound healing product candidate, that our current product candidates will be regulated as medical devices through a PMA process; however, no assurance can be given that the FDA will not impose additional, more stringent, regulatory requirements with respect to one or more of our current or future product candidates. Conducting clinical trials for our pipeline product candidates that are required to undergo the PMA process may take one to three years, depending on the composition of the product candidate under development and its designation.

To date, we are not conducting any discussions with the FDA with respect to any of our product candidates being developed.

European Union

Under the European Union Medical Device Directive, or EU MDD, medical devices must meet the EU MDD requirements and receive a CE marking certification prior to marketing in the European Union, or EU. CE marking is the uniform labeling system of products designed to facilitate the supervision and control of the EU concerning manufacturers' compliance with the various regulations and directives of the EU and to clarify the obligations imposed in the various legislative provisions in the EU. Use of a uniform product labeling indicates compliance with all of the directives and regulations required for the application of such labeling, and it is effective as a manufacturer's declaration that the product meets the required criteria and technical specifications of the relevant authorities such as health, safety, and environmental protection. CE marking ensures free trade between the EU and European Free Trade Association countries (Switzerland, Iceland, Liechtenstein, and Norway) and permits the enforcement and customs authorities in European countries not to allow the marketing of similar products that do not bear the CE marking sign. Such certification allows, among other things, marking the products (according to various categories) with the CE marking and their sale and marketing in the EU.

CE marking certification requires a comprehensive quality system program, comprehensive technical documentation and data on the product, which are then reviewed by a Notified Body, or NB. An NB is an organization designated by the national governments of the EU member states to make independent judgments about whether a product complies with the EU MDD requirements and to grant the CE marking if we, and our product, comply with specified terms. After receiving the CE

marking, we must pass a review carried out by the competent NB annually, under which it audits our facilities to verify our compliance with the ISO 13485 quality system standard.

Compliance with the ISO 13485 standard, for medical device quality management systems, is required for regulatory purposes. ISO standards are recognized international quality standards that are designed to ensure that we develop and manufacture quality medical devices. Other countries are also instituting regulations regarding medical devices. Compliance with these regulations requires extensive documentation and clinical reports for all of our product candidates, revisions to labeling, and other requirements such as facility inspections to comply with the registration requirements.

In February 2016, we received CE marking certification for VergenixFG and in December 2015, we applied for CE marking for VergenixSTR. In December 2012, we received CE marking permitting the sale and marketing of VergenixWD in Europe. VergenixWD was our first medical product candidate based on collagen protein derived from plants that is authorized for sale and marketing in Europe, but we are not currently promoting a marketing strategy for VergenixWD, which is considered a commodity product and is not targeted towards the advanced wound care market, which is our target market.

China

China's medical device market, currently in a rapid state of expansion, is overseen by the China Food and Drug Administration, or CFDA (formerly the State Food and Drug Administration). The CFDA issues registration certificates required for all medical devices sold in China. The CFDA uses a risk-based system, and its approval process requires mandatory testing for Class II and III devices. Class II devices are moderate-risk devices and Class III devices are high-risk medical devices. Third-party reviews of devices are currently not allowed in China; only the CFDA is authorized to approve devices. The registration process requires the submission of a registration standard along with device samples for testing. Manufacturers of Class II and Class III medical devices are also required to demonstrate that the device has been approved by the country of origin with documents like a CE certificate, 510(k) letter and PMA approval and compliance with ISO 13485, and they may also be required to submit clinical data in support of their application. In addition to these requirements, all medical device manufacturers must also include product information in Chinese on all packaging and labeling. Manufacturers exporting medical devices to China must appoint several China-based agents to act on their behalf. These include a registration agent to coordinate the CFDA registration process, a legal agent to handle any adverse events reported with a registered device, including a product recall, and an after-sales agent to provide technical service and maintenance support.

Other U.S. Federal Healthcare Laws and Regulations

Healthcare providers, physicians, and third-party payors play a primary role in the recommendation and medical devices that are granted marketing approval. In the United States, we are subject to laws and regulations pertaining to healthcare fraud and abuse, including anti-kickback laws and physician self-referral laws that regulate the means by which companies in the healthcare industry may market their products to hospitals and healthcare providers and may compete by discounting the prices of their products. The delivery of our product candidates is subject to regulation regarding reimbursement, and federal healthcare laws apply when a customer submits a claim for a product that is reimbursed under a federally funded healthcare program. These rules require that we exercise care in structuring our sales and marketing practices and customer discount arrangements.

Arrangements with healthcare providers, third-party payors, and other customers are subject to broadly applicable fraud and abuse and other healthcare laws and regulations, including the following:

- the federal healthcare Anti-Kickback Law prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving, or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase,

order, or recommendation of, any good or service for which payment may be made, in whole or in part, under a federal healthcare program such as Medicare and Medicaid;

- the U.S. False Claims Act imposes civil penalties, and provides for civil whistleblower or *qui tam* actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease, or conceal an obligation to pay money to the federal government;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act and its implementing regulations, also imposes obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information;

- the federal false statements statute prohibits knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false statement in connection with the delivery of or payment for healthcare benefits, items, or services;

- the federal transparency requirements under the Health Care Reform Law require manufacturers of drugs, devices, and medical supplies to report to the U.S. Department of Health and Human Services information related to payments and other transfers of value to physicians and teaching hospitals and physician ownership and investment interests; and

- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, may apply to sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third-party payers, including private insurers.

Healthcare providers that purchase medical devices generally rely on third-party payors, including, in the United States, the Medicare and Medicaid programs and private payors, such as indemnity insurers, employer group health insurance programs, and managed care plans, to reimburse all or part of the cost of the products. As a result, demand for our product candidates is and will continue to be dependent in part on the coverage and reimbursement policies of these payors. The manner in which reimbursement is sought and obtained varies based upon the type of payor involved and the setting in which the product is furnished and utilized. Reimbursement from Medicare, Medicaid, and other third-party payors may be subject to periodic adjustments as a result of legislative, regulatory, and policy changes as well as budgetary pressures. Possible reductions in, or eliminations of, coverage or reimbursement by third-party payors, or denial of, or provision of uneconomical reimbursement for new products, may affect our customers' revenue and ability to purchase our product candidates. Any changes in the healthcare regulatory, payment, or enforcement landscape relative to our customers' healthcare services has the potential to significantly affect our operations and revenue.

Other Approvals

Our international operations as well as being an Israeli company subject us to laws regarding sanctioned countries, entities, and persons; customs, import-export, and laws regarding transactions in foreign countries; and the U.S. Foreign Corrupt Practices Act and local anti-bribery and other laws regarding interactions with healthcare providers. Among other things, these laws restrict, and in some cases can prevent, United States companies from directly or indirectly selling goods, technology, or services to people or entities in certain countries. In addition, these laws require that we exercise care in structuring our sales and marketing practices in foreign countries.

In addition to the above regulations, we are and may be subject to regulation under country-specific federal and state laws, including, but not limited to, requirements regarding record keeping, and the maintenance of personal information, including personal health information. As a public company whose securities will be registered pursuant to the Securities Act of 1933, as amended, we will be subject to U.S. securities laws and regulations, including the Sarbanes-Oxley Act of 2002. We also are subject to other present, and could be subject to possible future, local, state, federal, and non-U.S. regulations in countries in which we will distribute our products.

Israeli Ministry of Agriculture

The process of growth of transgenic plants and the treatment thereof is subject to the regulations published by the Israeli Ministry of Agriculture and the approval of the Ministry of Agriculture to engage in the cultivation of recombinant plants. Although the Ministry of Agriculture requirements do not necessarily apply to our operations, we hold a valid permit from the Plant Protection and Inspection Services Administration, or PPIS, for growing tobacco plants in greenhouses in the north of Israel, as well as in all of our subcontractors' facilities.

Business Licensing

Under the Israeli Licensing of Businesses Law, to which our production site and laboratories are subject, operating a business without a license or temporary permit is a criminal offense. We have a business license for our laboratories and offices, in effect until December 31, 2019. We have a temporary business license for our production site at Yessod Hama'ala, in effect until November 5, 2016. We expect to receive a permanent business license for this site; however, there is no assurance that a permanent business license will be issued on a timely basis or at all.

Planning and Zoning

Our production sites and laboratories are subject to the Israeli Planning and Zoning Law, which sets provisions and obligations, *inter alia*, regarding the licensing process for a new building, including building permits, non-conforming use and easements, the supervision over its construction, and the required occupancy permits. According to the Planning and Zoning Law, work or use of land without a permit where such permit is required, a deviation from the permit granted, or use of agricultural land in violation of the law, constitutes a criminal offense.

Employees

As of June 30, 2016, we had 37 full-time employees, including 25 in research and development, six in manufacturing and six in general and administrative positions. 11 of our employees have either MDs or PhDs. All of our employees are located in Israel. We believe our employee relations are good.

In addition, we employ a limited number of part-time employees on a temporary basis, as well as consultants and service providers.

Israeli labor laws govern the length of the workday, minimum wages for employees, procedures for hiring and dismissing employees, determination of severance pay, annual leave, sick days, advance notice of termination of employment, equal opportunity and anti-discrimination laws, and other conditions of employment. Subject to specified exceptions, Israeli law generally requires severance pay upon the retirement, death, or dismissal of an employee, and requires us and our employees to make payments to the National Insurance Institute, which is similar to the U.S. Social Security Administration. Our employees have defined benefit pension plans that comply with the applicable Israeli legal requirements.

None of our employees currently work under any collective bargaining agreements.

Facilities

Our corporate headquarters and research facilities are located in Weizmann—the Science Park in Ness-Ziona, Israel, where we lease an aggregate of approximately 7,653 square feet of office and laboratory space, pursuant to lease agreements that expire on August 18, 2017. We rent additional areas in Yessod Hama'ala of approximately 64,583 square feet of greenhouse and manufacturing facility pursuant to a lease agreement that expire on April 30, 2017.

The majority of our research and development work is carried out at our offices and research laboratories in the Science Park—Kiryat Weizmann in Ness-Ziona, Israel. The plant research process and production of our rhCollagen are carried out at our site in the north of Israel, while the tobacco plant cultivation and collagen purification are carried out in various areas in Israel. Our greenhouses for tobacco growing are located in several areas in Israel, where we are using subcontractors under several agreements. The greenhouses are used by us for growing tobacco plants and other development services.

We believe that our existing facilities are adequate for our near-term needs. When our leases expire, we may look for additional or alternate space for our operations. We believe that suitable additional or alternative space and area would be available if required in the future on commercially reasonable terms.

Environmental, Health, and Safety Matters

Our research, development, and manufacturing processes involve the controlled use of certain hazardous materials. Therefore, we are subject to extensive environmental, health, and safety laws and regulations in a number of jurisdictions, in Israel, governing, among other things: the use, storage, registration, handling, emission, and disposal of chemicals, waste materials, and sewage; chemicals, air, water, and ground contamination; air emissions, and the cleanup of contaminated sites, including any contamination that results from spills due to our failure to properly dispose of chemicals, waste materials, and sewage. Our operations at our Ness-Ziona manufacturing facility use chemicals and produce waste materials and sewage. Our activities require permits from various governmental authorities including local municipal authorities, the Ministry of Environmental Protection, and the Ministry of Health. The Ministry of Environmental Protection, the Ministry of Health, local authorities, and the municipal water and sewage company conduct periodic inspections in order to review and ensure our compliance with various regulations.

These laws, regulations, and permits could potentially require the expenditure by us of significant amounts for compliance or remediation. We believe that our environmental, health, and safety procedures for handling and disposing of these materials comply with the standards prescribed by the controlling laws and regulations. If we fail to comply with such laws, regulations, or permits, we may be subject to fines and other civil, administrative, or criminal sanctions, including the revocation of permits and licenses necessary to continue our business activities. In addition, we may be required to pay damages or civil judgments with respect to third-party claims, including those relating to personal injury (including exposure to hazardous substances we use, store, handle, transport, manufacture, or dispose of), property damage, or contribution claims. These risks are managed to minimize or eliminate associated business impacts. Some environmental, health, and safety laws allow for strict joint and several liability for remediation costs, regardless of comparative fault. We may be identified as a responsible party under such laws. Such developments could have a material adverse effect on our business, financial condition, and results of operations as these kinds of liabilities could exceed our resources. We could be subject to a regulatory shutdown of a facility that could prevent the distribution and sale of product candidates manufactured in such facility for a significant period of time and we could suffer a casualty loss that could require a shutdown of the facility in order to repair it, any of which could have a material, adverse effect on our business. Although we continuously strive to

maintain full compliance with respect to all applicable global environmental, health, and safety laws and regulations, we could incur substantial costs to fully comply with future laws and regulations, and our operations, business, or assets may be negatively affected.

In addition, compliance with laws and regulations relating to environmental, health, and safety matters is an ongoing process and are often subject to change. In the event of any changes or new laws or regulations, we could be subject to new compliance measures or to penalties for activities which were previously permitted. For instance, Israeli regulations were promulgated in 2012 relating to the discharge of industrial sewage into the sewer system. These regulations establish new and potentially significant fines for discharging forbidden or irregular sewage into the sewage system. We have compliance procedures in place for employee health and safety programs, driven by a centrally led organizational structure that ensures proper implementation, which is essential to our overall business objectives.

We invest resources in creating a green production environment, and in the treatment and disposal of waste using environmentally friendly processes. We have received all the necessary permits from the Ministry of Environmental Protection regarding our operations in Yessod Hama'ala and Ness-Ziona. We consult with environmental consultants for direction on environmental issues.

Legal and Corporate Structure

Our legal and commercial name is CollPlant Holdings Ltd. We were incorporated in Israel on November 9, 1981 as a private company limited by shares. As of 1993, we are a public company and all of our ordinary shares are listed on the Tel Aviv Stock Exchange. Our name has changed several times, but has been CollPlant Holdings Ltd. since May 30, 2010, immediately after the consummation of the merger transaction with CollPlant Ltd.

We hold all of the issued and outstanding shares of CollPlant Ltd. and have no holdings in other companies.

CollPlant Ltd. was incorporated in Israel on August 12, 2004 as a private company limited by shares and began its operations as a technology incubator company under the OCS's technology incubators program. CollPlant Ltd. owns all of our intellectual property.

Legal Proceedings

To date, we are a party to the following legal proceedings:

Opposition Proceedings to European Patent No. 0 951 537 B1

On August 2, 2006, we initiated at the European Patent Office, or EPO, opposition proceedings to European Patent No. 0 951 537 B1, published in the name of Meristem Therapeutics SA, or Meristem, relating to the production of recombinant collagen in plants. To the best of our knowledge, patent opposition proceedings were also initiated by Fibrogen Inc. In addition, to the best of our knowledge, Meristem's patent rights in Europe and Canada expired as a result of failure to make payment of the annual renewal fees. The patent application filed by Meristem in the United States matured into a patent (U.S. 6,617,431) which, to the best of our knowledge, does not limit our business. To the best of our knowledge, the opposition proceedings in Europe continued at the request of the second entity opposing these proceedings (Fibrogen Inc.), and in the absence of a defense on the part of Meristem, on October 4, 2010, notice was received from the EPO that the patent was revoked. To the best of our knowledge, on January 30, 2011, Meristem's window for appealing the cancellation of the patent expired.

Opposition Proceedings to European Patent No. 1 809 751 B1

Our European Patent No. 1 809 751 entitled "Collagen Producing Plants and Methods of Generating and Using Same," was granted by the EPO on September 1, 2010. On June 1, 2011, Fibrogen, Inc. initiated an opposition proceeding with the EPO, seeking revocation of the patent in its entirety on the grounds that the claims were not supported by the contents of the patent, were not novel, and were not inventive. On January 22, 2013, the EPO issued its decision to maintain the patent in amended form with claims that cover genetically modified plants that produce collagen.

On June 3, 2013, Fibrogen, Inc. appealed the decision. On August 1, 2013, we filed an appeal, seeking to expand the scope of the patent. Oral hearings on these appeals are scheduled for July 2017. While we believe that we will prevail in our appeal and that Fibrogen's appeal will be rejected, the ultimate outcome of these proceedings remains uncertain, and final resolution of the proceeding may take a number of years and result in substantial costs to us.

MANAGEMENT

Senior Management and Directors

The following table sets forth certain information relating to our senior management and directors, including their ages as of the date of this prospectus. Unless otherwise stated, the address for our directors and senior management is at the Company's registered address c/o 3 Sapir Street, Weizmann Science Park, P.O. Box 4132, Ness-Ziona 7414002, Israel.

Name	Age	Position
Senior Management		
Yehiel Tal	64	Chief Executive Officer
Prof. Oded Shoseyov(1)	60	Founder, Chief Scientific Officer and Director
Eran Rotem, CPA	48	Chief Financial Officer
Dr. Ilana Belzer	56	Chief Operating Officer
Dr. Nadav Orr	59	Vice President, Research and Development
Dr. Philippe Bensimon	51	Vice President, Regulatory Affairs and Quality Assurance
Shomrat Shurtz	50	Senior Director, Business Development
Non-Employee Director		
Adi Goldin(7)	42	Interim Chairman and Director
Xiaojin Qian	34	Director
Ira Leiderman(6)(7)(8)(9)	59	Director
Dr. Abraham Havron(2)(6)(9)	69	Director
Orli Tori Trubowicz(2)(3)(4)(5)(8)(9)	51	Director
Rami Armon(2)(3)(4)(5)(9)	45	Director Chairman of the Audit Committee Chairman of the Financial Statements Committee Chairman of the Compensation Committee

(1) In connection with re-nomination of Professor Shoseyov to serve as director of the company, Prof. Shoseyov informed us that, among other things, for reasons of strengthening of the company's corporate governance in light of his position as a director and chief scientific officer, he will tender his resignation as a director. Nevertheless, Professor Shoseyov agreed to continue his position as a director, October 19, 2016 or until a suitable replacement is found. Accordingly, our board decided to establish a search committee to find a candidate. Professor Shoseyov's term as chief scientific officer of the company will continue without any changes.

(2) Member of the Compensation Committee

(3) Member of the Audit Committee

(4) Member of Financial Statements Committee

(5) External Director under Israeli Law

(6) Independent Director under Israeli Law

(7) Member of Financing Committee

(8) Member of the Nominating and Corporate Governance Committee

(9) Independent Director under NASDAQ Listing Rules

Senior Management

Yehiel Tal has served as our chief executive officer since January 2010. Mr. Tal possesses over 22 years of management experience in the Israeli and American high-tech and biotechnology industries. Prior to joining us, Mr. Tal was the chief executive officer and co-founder of Regentis Biomaterials Ltd. Prior to that Mr. Tal served as vice-president of business development at ProChon BioTech Ltd. He has also served as vice president of marketing and business development at OrthoScan Technologies Ltd. and director of business development and business unit manager at Kulicke and Soffa Industries, Inc. Mr. Tal holds a Bachelor's and a Master's degree in mechanical engineering from the Technion, Israel Institute of Technology.

Prof. Oded Shoseyov founded our company in 2004 and has served as our chief scientific officer since August 2008. Prof. Shoseyov is a faculty member of the Hebrew University of Jerusalem. He has extensive experience with plant transformation systems and protein engineering. Prof. Shoseyov has authored or co-authored over 160 scientific publications and is the inventor or co-inventor of 45 patents. Prof. Shoseyov holds a Ph.D. from The Hebrew University of Jerusalem, Israel. Prof. Shoseyov received the Outstanding Scientist Polak Award for 2002, the 1999 and 2010 Kay Awards for Innovative and Applied Research, and The 2012 Israel Prime Minister Citation for Entrepreneurship and Innovation. He is the scientific founder of nine companies, including: Fulcrum Materials Ltd., a nano-biotech company which manufactures SP1-Carbon Nano Tube coated fabrics for the composite industry; CBD-Technologies/FuturaGene, a forestry agro-biotech company that develops and commercializes transgenic trees for the pulp and paper and the bio-fuel industry; Melodea Ltd., a nano-biotech company that develops and manufactures Nano Crystaline Cellulose from sludge for structural foam and fuel for combustion and jet engines as well as explosives; and Valentis Nanotech Ltd., a nanotechnology company that develops and manufactures nano-bio-based transparent films for food packaging and agriculture.

Eran Rotem has served as our chief financial officer since January 2012. Mr. Rotem possesses 20 years of broad financial and operational experience, primarily with biotechnology and industrial companies. Prior to joining us, Mr. Rotem served as the chief financial officer of Tefron Ltd., an industrial global company traded on both the Tel Aviv Stock Exchange (TASE:TFRN) and on the OTCBB (OTC:TFRFF) in the United States. Before Tefron, Mr. Rotem served as chief financial officer of Healthcare Technologies, Ltd. (NASDAQ:HCTL) and Gamida Ltd., a group of companies that specialize in the development, manufacturing, and marketing of clinical diagnostic test kits, as well as medical equipment and services to the biotechnology and high-tech industries. Prior to joining Healthcare Technologies, Ltd., Mr. Rotem served as a senior manager at Ernst & Young. Mr. Rotem holds a Bachelor's degree in Accounting and Business Administration from the Tel Aviv College of Management and is a Certified Public Accountant.

Dr. Ilana Belzer has served as our chief operating officer since October 2015. Prior to joining us, Dr. Belzer served as the chief operating officer of BioHarvest, an innovative biotechnology company, from October 2012 to September 2015, and prior to that as vice president of research and development and operations at Procognia Ltd. Prior to that, Dr. Belzer held executive positions in Omrix Biopharmaceuticals Inc., now part of the Johnson & Johnson family of companies, and InterPharm Labratories Ltd., now a subsidiary of Merck-Serono. Dr. Belzer holds an M.Sc., a B.Sc. and a Ph.D in Microbiology and Cell Biology from Tel Aviv University, Israel.

Dr. Nadav Orr has served as our vice president of research and development since September 2014. Dr. Orr has over 15 years of experience in research and development, including nine years in the development of biosurgery products. Prior joining us, Dr. Orr served as the associate director of research and development at Omrix Biopharmaceuticals Ltd., a subsidiary of Ethicon US LLC, part of the Johnson & Johnson family of companies. As part of his role at Omrix, Dr. Orr led an international team in the development of hemostatic combination products and led base business support for

production processes and products. Dr. Orr holds a PhD from the Weizmann Institute of Science, Israel.

Dr. Philippe Bensimon has served as our vice president of regulatory affairs and quality assurance since February 2011. Dr. Bensimon has 19 years of experience in regulatory affairs, quality assurance and clinical affairs in international medical device companies. Prior to joining us Dr. Bensimon served for 14 years at InterVascular Datascope (now Maquet-Getinge Group), a manufacturer of long-term cardiovascular implants, including as director of regulatory affairs, quality assurance, and clinical affairs. Dr. Bensimon also served for five years at 3M Medical as manager of regulatory affairs. Dr. Bensimon holds a PharmD degree from the University of Pharmacy, Marseille, France.

Shomrat Shurtz has served as our senior director of business development since September 2015. Ms. Shurtz has over 20 years of diverse experience in sales, marketing, regulatory, and strategy management. Prior to joining us, Ms. Shurtz served as a senior director at Protalix Biotherapeutics Inc. where she oversaw the company's lead product through its clinical development, approval, and commercialization. Prior to that, Ms. Shurtz held executive positions in BBDO Data Pro-Proximity Worldwide, Bank Hapoalim Switzerland Ltd., and Clal Insurance Enterprises Holdings Ltd. Ms. Shurtz holds an M.Sc. and B.Sc. degree in Biology from Tel Aviv University, Israel.

Non-Employee Director

Adi Goldin has served on our board of directors since May 2010, and has been acting as interim chairman since May 2016. Mr. Goldin has over 15 years of experience in the life science, industrial, and technology industries in the areas of investments, business strategy, deal structure, and company management. For the last 10 years, Mr. Goldin has served as a vice president at Docor International BV, and has played a key role in investing, managing, and nurturing technology-driven companies and startups in the information technology, industrial, and life science industries. Until 2010, Mr. Goldin was the chief executive officer of Softlib Ltd., an information technology company. Previously, Mr. Goldin was VP of investments and analysis at Inventech Investment Company Ltd. (TASE: IVTC), where he took an active role in building startup companies and was involved in public offerings, M&A, and all aspects of the capital markets. In addition, Mr. Goldin was part of the teaching staff of the Master's in Business Administration program run jointly by Tel Aviv University and Northwestern University's Kellogg School of Management (Chicago, USA) and part of the teaching staff of the Executive MBA program run by Tel Aviv University. Mr. Goldin participated in the International Marketing and Global Consulting Program, a joint project of the University of Pennsylvania's Wharton Business School and Tel Aviv University's Business School. Mr. Goldin is a member of the Israel Bar Association. Mr. Goldin holds Bachelor's and Master's degrees in economics, *summa cum laude*, and an LL.B. in law from Tel Aviv University, Israel.

Xiaojin Qian has served on our board of directors since November 2013. Mr. Qian is the managing director of Flon (China) Medical Material Co., Ltd. and a board member of Jiangsu Traumark Holdings Group Co., Ltd. and Trauwin Pte Ltd. Until March 2013, Mr. Qian served as vice president of Trauson Holding Co., Limited, a leading manufacturer of orthopedic products in China. Previously, Mr. Qian was director of public relations, secretary of the board, and secretary to the president of Trauson. Mr. Qian is experienced in maintaining relationships with public and other companies and in carrying out operational management duties. Mr. Qian graduated from Simon Fraser University, Canada, with a Master of Business Administration in 2009.

Ira Leiderman has served on our board of directors as an independent director since February 2015. Mr. Leiderman is managing director of the healthcare practice at Cassel Salpeter & Co. Prior to that he was founder and managing partner of Long Trail Advisors LLC, a life sciences advisory firm and M&A boutique. Mr. Leiderman formed Long Trail after his departure from Ladenburg Thalmann in New York City where he was co-head of the healthcare group. Mr. Leiderman joined Ladenburg

Thalmann when that firm acquired Punk Ziegel & Company in May 2008. At Punk Ziegel, Mr. Leiderman served as head of healthcare and sat on the firm's management committee. Prior to Punk Ziegel, Mr. Leiderman was at the Palladin Group, an investment management firm where he oversaw investment transactions in public and private life sciences companies. Mr. Leiderman joined Palladin after leading the healthcare practice at Gerard Klauer Mattison (now part of BMO). Mr. Leiderman currently serves on the board of directors of MarginSurgical, Inc. and was chairman of the board of directors of Apthera Inc. Mr. Leiderman also serves on the boards of several not-for-profit organizations.

Dr. Abraham Havron has served on our board of directors since May 2016. Dr. Havron is a 35-year veteran of the biotechnology industry. Since 2011, Dr. Havron has been serving as an external director at Kamada (NASDAQ: KMDA), where he is a member of the audit and compensation committees, and since 2014, Dr. Havron has been serving on the board of directors of MediWound Ltd. (NASDAQ: MDWD) and Enlivex Theraputics Ltd., a private company. From 2005 to 2014, Dr. Havron was the CEO and Director of PROLOR Biotech Inc., prior to its acquisition by OPKO Health Inc. Dr. Havron also served as the Vice President and Chief Technology Officer of Clal Biotechnology Industries Ltd. from 1999 to 2003. From 1987 to 1999, Dr. Havron was the Vice President Manufacturing and Process Development at BioTechnology General Ltd. which is currently a subsidiary of Ferring Pharmaceuticals. In 1980 he joined the founding team of Interpharm Laboratories Ltd. (a subsidiary of Merck Serono S.A.) and was Director of Research and Development until 1987. Dr. Havron earned his Ph.D. in Bio-Organic Chemistry from the Weizmann Institute of Science, and served as a Research Fellow at Harvard Medical School, Department of Radiology.

Orli Tori Trubowicz has served on our board of directors as an external director since March 2014 and is a member of our audit, compensation, and financial statements committees. Ms. Tori has a strong background in both life sciences and business. Ms.Tori is currently the CEO of Bar Ilan Research and Development Company Ltd. Prior to that she served as General Manager of Neopharm Israel, a diversified company combining activity in pharmaceuticals, medical and scientific devices, diagnostics, and consumer healthcare products and services. Ms. Tori obtained her Master's degree in microbiology, *cum laude*, and Bachelor's degree in Life Sciences at Tel Aviv University in Tel Aviv, Israel, and has studied economics and management of health systems at Ben Gurion University in Beer Sheva, Israel. Ms. Tori graduated from the Executive Program for senior business managers at Tel Aviv University School of Business.

Rami Armon has served on our board of directors as an external director since October 2011, and is the chairman of our audit, compensation, and financial statements committees. Mr. Armon is the chief executive officer and founder of Armon Capital Management Ltd., a company that offers services in the area of private equity, investment services, and corporate finance. Previously, Mr. Armon was vice president and chief investment officer of Menora Mivtachim Pension Ltd. Mr. Armon holds a Bachelor's degree from Bar Ilan University, Israel, where he studied investments and securities.

All of our current board members are also board members of CollPlant Ltd., our wholly owned subsidiary.

Advisory Boards

We have established a scientific advisory board and a clinical advisory board. The members of our advisory boards are appointed by our chief executive officer after consultation with our board of directors. Once nominated, the members of our advisory boards sign a standard letter of engagement. Most of the members of our advisory boards are not appointed for a specific term and their position may be terminated by either us or the member of the advisory board according to standard notice periods. With the exception of Prof. Hershko, who is our employee, the members of our advisory boards are all paid either daily or hourly fees for their services and are entitled to the reimbursement

of their expenses. Furthermore, several of the members of our advisory boards have been granted options due to their strategic role and years of service. The members of our advisory boards are as follows:

Scientific Advisory Board

Prof. Avraham Hershko
Prof. Vicki Rosen
Prof. Abhay Pandit
Arthur Gertzman
Prof. Ofer Levy, MD, MCh (Orth)
Joseph M. Lane, MD

Clinical Advisory Board

Prof. Ofer Levy, MD, MCh (Orth)
Joseph M. Lane, MD
Scott Rodeo, MD
Thomas Serena, MD
Gabi Agar, MD

Corporate Governance Practices

Under the Companies Law, companies incorporated under the laws of the State of Israel, whose shares are publicly traded, including companies whose shares are listed on the NASDAQ Stock Market, or NASDAQ, are considered public companies under Israeli law and are required to comply with various corporate governance requirements under Israeli law relating to such matters as external directors, the audit committee, compensation, policy, company's auditors, and an internal auditor. This is the case even if our shares are not listed on the Tel Aviv Stock Exchange. These requirements are in addition to the corporate governance requirements imposed by NASDAQ rules also referred to as the NASDAQ listing requirements, and other applicable provisions of U.S. securities laws to which we will become subject (as a foreign private issuer) upon the closing of this offering and the listing of the ADSs on NASDAQ. Under the NASDAQ listing requirements, a foreign private issuer, such as us, may generally follow its home country rules of corporate governance in lieu of the comparable requirements of NASDAQ, except for certain matters including (among others) the composition and responsibilities of the audit committee and the independence of its members within the meaning of the rules and regulations of the SEC.

We intend to rely on this "home country practice exemption" with respect to the following NASDAQ rules:

- ***Quorum requirements.*** As permitted under the Companies Law pursuant to our articles of association, the quorum required for an ordinary meeting of shareholders will consist of at least two shareholders present in person, by proxy or by other voting instrument in accordance with the Companies Law, who hold at least 25% of the voting power of our shares (and in an adjourned meeting, with some exceptions, any number of participating shareholders), instead of $33^{1}/_{3}\%$ of the issued share capital required under the NASDAQ Listing Rules.

- ***Nomination of our directors.*** With the exception of our external directors and directors elected by our board of directors, according to our articles of association, our directors are elected by an annual meeting of our shareholders to hold office until the next annual meeting is adjourned, which annual meeting is to be convened no later than 15 months following the last annual meeting. See "Management—Board of Directors." The nominations for directors, which are presented to our shareholders by our board of directors, are generally made by the board of directors itself, in accordance with the provisions of our articles of association and the Companies Law. Nominations need not be made by a nominating committee of our board of

directors consisting solely of independent directors or a majority of the independent directors in a vote in which only independent directors can participate, as required under the NASDAQ Listing Rules. Our nominating and corporate governance committee will oversee and assist our board of directors in reviewing and recommending the election of directors. Nominations may also be made by one or more of our shareholders, as permitted in our articles of association and under the Companies Law.

- ***Distribution of certain reports to shareholders.*** As opposed to the NASDAQ Listing Rules, which require listed issuers to make certain reports, such as annual reports, interim reports, and quarterly reports, available to shareholders in one of a number of specific manners, Israeli law does not require that we distribute similar reports (annual reports, interim and immediate reports, and quarterly reports, including our financial statements). As such, the generally accepted business practice in Israel is to distribute such reports to shareholders, through a public regulated distribution website. In addition to making such reports available on a public website, we plan to make our audited financial statements available to our shareholders at our offices and will only mail such reports to shareholders upon request. As a foreign private issuer, we are generally exempt from the SEC's proxy solicitation rules. See "Where You Can Find More Information" for a description of our Exchange Act reporting obligations.

- ***Compensation of officers.*** We follow the provisions of the Companies Law with respect to matters in connection with the composition and responsibilities of our compensation committee, office holder compensation and any required approval by the shareholders of such compensation. Israeli law and our articles of association do not require that the independent members of our board of directors, or a compensation committee composed solely of independent members of our board of directors, determine an executive officer's compensation, as is generally required under the NASDAQ Listing Rules with respect to the Chief Executive Officer and all other senior management of a company. However, Israeli law and our articles of association do require that our audit and compensation committee each contain two external directors out of a minimum of three members. In addition, Israeli law requires that additional members of the compensation committee and the external directors be compensated equally and in accordance with the compensation guidelines prescribed under the Companies Law and regulations. Our compensation committee has been established and conducts itself in accordance with the provisions governing the composition of and the responsibilities of a compensation committee as set forth in the Companies Law. Furthermore, compensation of office holders is determined and approved by our compensation committee, and in general, by our board of directors as well, and in certain circumstances by our shareholders. Thus, we will seek shareholder approval for all corporate actions with respect to office holder compensation (including the compensation required to be approved for our Chief Executive Officer) requiring such approval under the requirements of the Companies Law, including seeking prior approval of the shareholders for the compensation policy and for certain office holder compensation, rather than seeking approval for such corporate actions in accordance with NASDAQ Listing Rules.

- ***Independent directors.*** Israeli law does not require that a majority of the directors serving on our board of directors be "independent," as defined under NASDAQ Listing Rule 5605(a)(2), but rather requires we have at least two external directors who meet the requirements of the Companies Law. We are required, however, to ensure that all members of our audit committee are "independent" under the Companies Law and the applicable NASDAQ and SEC criteria for independence, and under Israeli law, the audit committee and compensation committee must each include all external directors then serving on our board of directors. We must also ensure that a majority of the members of our audit committee are "unaffiliated directors" as defined in the Companies Law. However, while not required by Israeli law, as of the date of this prospectus, a majority of our directors are independent.

- ***Shareholder approval.*** We will seek shareholder approval for all corporate actions requiring such approval under the requirements of the Companies Law, rather than seeking approval for corporate actions in accordance with NASDAQ Listing Rule 5635. In particular, under this NASDAQ Listing Rule, shareholder approval is generally required for: (i) an acquisition of shares or assets of another company that involves the issuance of 20% or more of the acquirer's shares or voting rights or if a director, officer or 5% shareholder has greater than a 5% interest in the target company or the consideration to be received; (ii) the issuance of shares leading to a change of control; (iii) adoption or amendment of equity compensation arrangements; and (iv) issuances of 20% or more of the shares or voting rights (including securities convertible into, or exercisable for, equity) of a listed company via a private placement (or via sales by directors, officers or 5% shareholders) if such equity is issued (or sold) at below the greater of the book or market value of shares. By contrast, under the Companies Law, shareholder approval is required for, among other things: (a) transactions with directors concerning the terms of their service (including indemnification, exemption, and insurance for their service or for any other position that they may hold at a company), for which approvals of the compensation committee, board of directors, and shareholders are all required; (b) extraordinary transactions with controlling shareholders of publicly held companies, which require the special approval described below under "Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions"; (c) terms of office and employment or other engagement of our controlling shareholder, if any, or such controlling shareholder's relative, which require the special approval described below under "Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions"; (d) approval of transactions with Company's Chief Executive Officer with respect to his or hers compensation, whether in accordance with the approved compensation policy of the Company or not in accordance with the approved compensation policy of the Company, or transactions with officers of the Company not in accordance with the approved compensation policy; and (e) approval of the compensation policy of the Company for office holders. In addition, under the Companies Law, a merger requires approval of the shareholders of each of the merging companies.

Except as stated above, we intend to comply with the rules generally applicable to U.S. domestic companies listed on NASDAQ, subject to certain exemptions the JOBS Act provides to emerging growth companies. We may in the future decide to use other foreign private issuer exemptions with respect to some or all of the other NASDAQ listing requirements. Following our home country governance practices, as opposed to the requirements that would otherwise apply to a company listed on NASDAQ, may provide less protection than is accorded to investors under NASDAQ listing requirements applicable to domestic issuers.

Board of Directors

Under the Companies Law, the overseeing of the management of our business is vested in our board of directors. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors and specified in their specific employment agreements. Our chief executive officer is appointed by, and serves at the discretion of, our board of directors, subject to the employment agreement that we have entered into with him. All other officers are appointed by our chief executive officer with the prior review of our board of directors and compensation committee, and are subject to the terms of any applicable employment agreements that we may enter into with them.

Under our articles of association, our board of directors must consist of at least three and not more than twelve directors, including at least two external directors. Currently our board of directors consists of seven directors, including two external directors. The external directors were nominated by

our board of directors and were subject to election at a meeting of our shareholders. Other than external directors, for whom special election requirements apply under the Companies Law, as detailed below, our articles of association provide that directors (other than external directors) are elected annually at the general meeting of our shareholders by a vote of the holders of a majority of the voting power present and voting, in person or by proxy, at that meeting.

According to Israeli Law, we have three classes of directors: independent directors, external directors (who are also independent in nature), and "regular" directors. For purposes of complying with NASDAQ Listing Rules, upon the closing of this offering and the listing on the NASDAQ Capital Market our board of directors will be comprised of four independent directors (of which two are external directors).

Our board of directors has determined that with the exception of Prof. Oded Shoseyov, Mr. Adi Goldin, and Mr. Xiojan Qian, all of our directors are independent under such rules. The definition of "independent director" under NASDAQ rules and "external director" under the Companies Law overlap to a significant degree such that we would generally expect the two directors serving as external directors to satisfy the requirements to be independent under NASDAQ rules. However, it is possible for a director to qualify as an "external director" under the Companies Law without qualifying as an "independent director" under NASDAQ rules, or vice-versa. The definition of external director under the Companies Law includes a set of statutory criteria that must be satisfied, including criteria whose aim is to ensure that there is no factor that would impair the ability of the external director to exercise independent judgment. The definition of independent director under NASDAQ rules specifies similar, if slightly less stringent, requirements in addition to the requirement that the board of directors consider any factor which would impair the ability of the independent director to exercise independent judgment. In addition, external directors serve for a period of three years pursuant to the requirements of the Companies Law. However, external directors must be elected by a special majority of shareholders while independent directors may be elected by an ordinary majority. See "—External Directors" for a description of the requirements under the Companies Law for a director to serve as an external director. In accordance with the exemption available to foreign private issuers under NASDAQ rules, we do not intend to follow the requirements of NASDAQ rules with regard to the process of nominating directors, and instead, will follow Israeli law and practice, in accordance with which our board of directors (or a committee thereof) is authorized to recommend to our shareholders director nominees for election. See "—Corporate Governance Practices" for more information.

Under the Companies Law any shareholder holding at least 1% of our outstanding voting power may propose to nominate one or more persons for election as directors at a general meeting by delivering a written notice of such shareholder's intent to make such nomination or nominations to our registered office. Each such notice must set forth all of the details and information as required to be provided by our amended and restated articles of association and the Companies law.

In addition, our articles of association allow our board of directors to appoint additional director or directors who shall remain in office until the next annual shareholders' meeting, provided that the board of directors must consist not more than 12 directors. In addition, our articles of association allow our board of directors to appoint alternate directors to fill vacancies on our board of directors, for a term of office equal to the remaining period of the term of office of the director(s) whose office(s) have been vacated. According to the Companies Law, external directors are elected for an initial term of three years and may be elected for two additional three-year terms under the circumstances described below. External directors may be removed from office only under the limited circumstances set forth in the Companies Law. See "—External Directors."

Under the Companies Law, our board of directors must determine the minimum number of directors who are required to have accounting and financial expertise. See "—External Directors" below. In determining the number of directors required to have such expertise, our board of directors

must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that the minimum number of directors who are required to have accounting and financial expertise is one.

External Directors

Under the Companies Law, we are required to have at least two directors who qualify as external directors. The appointment of external directors was made by a resolution of the general meeting of our shareholders, and our external directors are Mr. Rami Armon and Ms. Orli Tori Trubowicz.

The Companies Law provides that external directors must be elected by a majority vote of the shares present and voting at a shareholders' meeting, provided that either:

- such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) that are voted at the meeting, excluding abstentions, to which we refer as a disinterested majority; or

- the total number of shares voted against the election of the external director by non-controlling shareholders and by shareholders who do not have a personal interest in the election of the external director (other than a personal interest not deriving from a relationship with a controlling shareholder) does not exceed 2% of the aggregate voting rights in the company.

Under the Companies Law, the term "controlling shareholder" means a shareholder with the ability to direct the activities of the company, other than by virtue of being an office holder. A shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or a corresponding body of another corporation or has the right to appoint the more than half of the directors of the company or its general manager. For the purpose of approving transactions with controlling shareholders, a controlling shareholder is deemed to include any shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company. For purposes of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company's approval are deemed as joint holders.

Under the Companies Law, the initial term of an external director is three years. Thereafter, an external director may be reelected to serve in that capacity for no more than two additional three-year terms, provided that either (i) his or her service for each such additional term is recommended by one or more shareholders holding at least 1% of the company's voting rights and is approved at a shareholders' meeting by a disinterested majority, where the total number of shares held by non-controlling, disinterested shareholders voting for such reelection exceeds 2% of the aggregate voting rights in the company, provided that the nominating shareholder, the external director, and certain of their related parties meet additional independence requirements; (ii) his or her service for each such additional term is recommended by the board of directors and is approved at a shareholders' meeting by the same majority required for the initial election of an external director (as described above); or (iii) the external director has recommended that he or she be nominated for each such additional term and such nomination is approved at a shareholders' meeting by the same majority and under the same criteria required as if he had been recommended by a shareholder.

The term of office for external directors for companies traded on certain foreign stock exchanges, including the NASDAQ Capital Market, may be further extended, in increments of additional three-year terms (but no more than a total of two additional consecutive three-year terms, unless restricted for only one additional consecutive three-year term under the articles of association). Extension of tenure of external directors beyond the third term is allowed in each case provided that, in addition to

reelection in such manner described above, (i) the audit committee and subsequently the board of directors of the company confirm that, in light of the external director's expertise and special contribution to the work of the board of directors and its committees, the reelection for such additional period is beneficial to the company, and provided that (ii) the external director is reelected subject to the same shareholder vote requirements as if elected for the first time (as described above). Prior to the approval of the reelection of the external director at a general shareholders' meeting, the company's shareholders must be informed of the term previously served by him or her and of the reasons why the board of directors and audit committee recommended the extension of his or her term.

External directors may be removed from office by a special general meeting of shareholders called by the board of directors, which approves such dismissal by the same shareholder vote percentage required for their election or by a court, in each case, only under limited circumstances, including ceasing to meet the statutory qualifications for appointment, or violating their duty of loyalty to the company. If an external directorship becomes vacant and there are fewer than two external directors on the board of directors at the time, then the board of directors is required under the Companies Law to call a shareholders' meeting as soon as possible to appoint a replacement external director.

Each committee of the board of directors that exercises the powers of the board of directors must include at least one external director. The audit committee and the compensation committee must include all external directors then serving on the board of directors and should be comprised of a majority of independent directors, the external directors must be the majority of the members of the compensation committee, and the financial statements committee's chairman (as well as of the audit committee's and of the compensation committee's) must be an external director. See "—Committees of the Board of Directors." Under the Companies Law, external directors of a company and all members of the compensation committee are prohibited from receiving, directly or indirectly, any compensation for their services, other than for their services as external directors pursuant to the Companies Law and the regulations promulgated thereunder. Compensation of an external director is determined prior to his or her appointment and may not be changed during his or her term subject to certain exceptions. Under the regulations pursuant to the Companies Law, certain exemptions and reliefs are granted to companies which securities are traded outside of Israel. We may use those exemptions and reliefs after the registration of the ADSs with the NASDAQ under this offering.

The Companies Law provides that a person is not qualified to serve as an external director if (i) the person is a relative of a controlling shareholder of the company or (ii) if that person or his or her relative, partner, employer, another person to whom he or she was directly or indirectly subject, or any entity under the person's control, has or had, during the two years preceding the date of appointment as an external director: (a) any affiliation or other disqualifying relationship with the company, with any person or entity controlling the company or a relative of such person, or with any entity controlled by or under common control with the company; or (b) in the case of a company with no shareholder holding 25% or more of its voting rights, had at the date of appointment as external director, any affiliation or other disqualifying relationship with a person then serving as chairman of the board or chief executive officer, a holder of 5% or more of the issued share capital or voting power in the company, or the most senior financial officer.

The term "relative" is defined under the Companies Law as a spouse, sibling, parent, grandparent, or descendant; spouse's sibling, parent, or descendant; and the spouse of each of the foregoing persons. Under the Companies Law, the term "affiliation" and the similar types of prohibited relationships include (subject to certain exceptions):

- an employment relationship;
- a business or professional relationship even if not maintained on a regular basis (excluding insignificant relationships);

- control; and
- service as an office holder, excluding service as a director in a private company prior to the initial public offering of its shares if such director were appointed as a director of the private company in order to serve as an external director following the initial public offering.

The term office holder is defined under the Companies Law as the general manager, chief executive officer, chief business manager, deputy general manager, vice general manager, any other person assuming the responsibilities of any of these positions regardless of that person's title, and a director, or a manager directly subordinate to the general manager.

In general, the external directors must be of Israeli residency (unless the company on which he or she serves, had offered shares (or bonds) to the public outside of Israel or are registered on a stock exchange outside of Israel) and must possess the minimal criteria required for the directorship of a "regular" director. In addition, no person may serve as an external director if that person's position or professional or other activities create, or may create, a conflict of interest with that person's responsibilities as a director or otherwise interfere with that person's ability to serve as an external director or if the person is an employee of the Israel Securities Authority or of an Israeli stock exchange. A person may furthermore not continue to serve as an external director if he or she received direct or indirect compensation from the company including amounts paid pursuant to indemnification or exculpation contracts or commitments and insurance coverage for his or her service as an external director, other than as permitted by the Companies Law and the regulations promulgated thereunder.

For a period of two years from the date that an external director of a company ceases to act in such capacity, the company in which such external director served, and its controlling shareholder or any entity under control of such controlling shareholder may not, directly or indirectly, grant such former external director, or his or her spouse or child, any benefit, including via (i) the appointment of such former director or his or her spouse or his child as an officer in the company or in an entity controlled by the company's controlling shareholder, (ii) the employment of such former external director and (iii) the engagement, directly or indirectly, of such former external director as a provider of professional services for compensation, including via an entity under his or her control. With respect to a relative who is not a spouse or a child, such limitations shall only apply for one year from the date such external director ceased to be engaged in such capacity.

If, at the time at which an external director is appointed, all members of the board of directors, who are not controlling shareholders or relatives of controlling shareholders of the company are of the same gender, the external director to be appointed must be of the other gender. A director of one company may not be appointed as an external director of another company if a director of the other company is acting as an external director of the first company at such time.

According to regulations promulgated under the Companies Law, a person may be appointed as an external director only if he or she has professional qualifications or if he or she has accounting and financial expertise (each, as defined below). In addition, at least one of the external directors must be determined by our board of directors to have accounting and financial expertise.

A director with accounting and financial expertise is a director who, due to his or her education, experience, and skills, possesses an expertise in, and an understanding of, financial and accounting matters and financial statements, such that he or she is able to understand the financial statements of the company and initiate a discussion about the presentation of financial data. A director is deemed to have professional qualifications if he or she has: (i) an academic degree in economics, business management, accounting, law, or public administration; (ii) an academic degree or has completed other higher education, in the primary field of business of the company or a field which is relevant to his or her position in the company; or (iii) at least five years of experience serving in one of the following capacities, or at least five years cumulative experience serving in two or more of the following

capacities: (a) a senior business management position in a company with a significant volume of business; (b) a senior position in a company's primary field of business; or (c) a senior position in public administration or service. The board of directors is charged with determining whether a director possesses financial and accounting expertise or professional qualifications.

Our board of directors has determined that Mr. Rami Armon, who serves as an external director, has accounting and financial expertise and possesses professional qualifications as required under the Companies Law.

Role of Board of Directors in Risk Oversight Process

Risk assessment and oversight are an integral part of our governance and management processes. Our board of directors encourages management to promote a culture that incorporates risk management into our corporate strategy and day-to-day business operations. Management discusses strategic and operational risks at regular management meetings, and conducts specific strategic planning and review sessions during the year that include a focused discussion and analysis of the risks facing us. Throughout the year, senior management reviews these risks with the board of directors at regular board meetings as part of management presentations that focus on particular business functions, operations or strategies, and presents the steps taken by management to mitigate or eliminate such risks.

Leadership Structure of the Board of Directors

In accordance with the Companies Law and our articles of association, our board of directors is required to appoint one of its members to serve as chairman of the board of directors. Our board of directors has appointed Mr. Adi Goldin to serve as an interim chairman of the board of directors and we are currently seeking a candidate to serve as chairman of the board of directors.

Committees of the Board of Directors

Currently, our board of directors has four active committees: audit committee, compensation committee, financial statements committee, and financing committee. The first three committees are mandatory and regulated under the Companies Law provisions.

Audit Committee

Under the Companies Law, we are required to appoint an audit committee. The audit committee must be comprised of at least three directors, including all of the external directors, one of whom must serve as chairman of the committee. The audit committee may not include the chairman of the board, any director employed by or otherwise providing services on a regular basis to the company, to a controlling shareholder or to any entity controlled by a controlling shareholder, any director who derives most of his or her income from a controlling shareholder, nor a controlling shareholder or a relative thereof.

In addition, under the Companies Law, the audit committee of a publicly traded company must consist of a majority of unaffiliated directors. In general, an "unaffiliated director" under the Companies Law is defined as either an external director or as a director who meets the following criteria:

- he or she meets the qualifications for being appointed as an external director and the audit committee has approved that he or she meets such qualifications, except for the requirement (i) that the director be an Israeli resident (which does not apply to companies such as ours whose securities have been offered (under this offering) outside of Israel to date or are listed outside of Israel) and (ii) for accounting and financial expertise or professional qualifications; and

- he or she has not served as a director of the company for a period exceeding nine consecutive years. For this purpose, a break of less than two years in the service shall not be deemed to interrupt the continuation of the service.

Under the NASDAQ listing requirements, we are required to maintain an audit committee consisting of at least three independent directors, all of whom are financially literate and at least one of whom has accounting or related financial management expertise.

Our audit committee consists of Mr. Rami Armon, Mr. Ira Leiderman and Ms. Orli Tori Trubowicz and is chaired by Mr. Armon. Mr. Armon possesses accounting and financial expertise and is an audit committee financial expert as defined by the Securities and Exchange Commission rules, and all of the members of our audit committee have the requisite financial literacy as defined by the NASDAQ Stock Market rules. Mr. Armon, Ms. Trubowicz and Mr. Leiderman are "independent" as such term is defined in Rule 10A-3(b)(1) under the Exchange Act and under the listing standards of NASDAQ.

Our board of directors has adopted an audit committee charter to be effective upon the listing of the ADSs on the NASDAQ Capital Market setting forth the responsibilities of the audit committee consistent with the rules of the Securities and Exchange Commission and NASDAQ rules as well as the requirements for such committee under the Companies Law, including the following:

- oversight of our independent registered public accounting firm and recommending the engagement, compensation or termination of engagement of our independent registered public accounting firm to the board of directors in accordance with Israeli law;
- recommending the engagement or termination of the person filling the office of our internal auditor; and
- recommending the terms of audit and non-audit services provided by the independent registered public accounting firm for pre-approval by our board of directors.

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control, and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices and systems of internal control over financial reporting. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management.

Under the Companies Law, our audit committee is mainly responsible for:

- determining whether there are deficiencies in our business management practices, including in consultation with our internal auditor or the independent auditor, and making recommendations to the board of directors to improve such practices;
- determining whether certain acts of an office holder not in accordance with his or her fiduciary duty owed to the Company are extraordinary or material and to approve such acts and certain related party transactions (including transactions in which an office holder has a personal interest) and whether such transaction is extraordinary or material under the Companies Law (see "—Approval of Related Party Transactions Under Israeli Law");
- determining procedures for a competitive process, or other procedures, before approving related party transactions with controlling shareholders, even if such transactions are deemed by the audit committee not to be extraordinary transactions. This process is to be supervised by the audit committee, or any person authorized for such supervision, or via any other method approved by the audit committee;
- determining the approval process for transactions that are not negligible, as well as determine which types of transactions would require the approval of the audit committee. Non-negligible transactions are defined as related party transactions with a controlling shareholder, or in which

the controlling shareholder has a personal interest, even if they are deemed by the audit committee not to be extraordinary transactions but which have also been classified by the audit committee as non-negligible transactions;

- where the board of directors approves the work plan of the internal auditor, to examine such work plan before its submission to the board and propose amendments thereto;
- examining our internal controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to dispose of its responsibilities;
- examining the scope of our auditor's work and compensation and submitting a recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor; and
- establishing procedures for the handling of employees' complaints as to deficiencies in the management of our business and the protection to be provided to such employees.

Our audit committee may not approve any actions requiring its approval (see "—Approval of Related Party Transactions Under Israeli Law"), unless at the time of approval a majority of the committee's members are present, which majority consists of unaffiliated directors including at least one external director.

Compensation Committee

Our compensation committee consists of Mr. Rami Armon, Dr. Abraham Havron and Ms. Orli Tori Trubowicz. Mr. Armon is the chairman of the compensation committee. As prescribed by the Companies Law, our compensation committee includes our two external directors, one of whom is the chairperson of the committee. Ms. Dror is an independent director, as defined in "—Board of Directors."

Under the Companies Law, the board of directors of a public company must appoint a compensation committee. Subject to certain exceptions compensation committee must be comprised of at least three directors, including all of the external directors, which shall be a majority of the members of the compensation committee and one of whom must serve as chairman of the committee. Our compensation committee includes all of the external directors, who also constitute a majority of the compensation committee.

Each compensation committee member who is not an external director must be a director whose compensation is equivalent to the compensation that may be paid to an external director. The compensation committee is subject to the same Companies Law restrictions as the audit committee as to who may not be a member of the committee. According to the Companies Law, our audit committee may also act as compensation committee.

The duties of the compensation committee include the recommendation to the company's board of directors of a policy regarding the terms of engagement of office holders, to which we refer as a compensation policy and to examine the necessity of updating the compensation policy. That policy must be adopted by the company's board of directors, after considering the recommendations of the compensation committee, and must be approved by the company's shareholders, which approval requires what we refer to as a Special Majority. A "Special Majority" approval requires shareholder approval by a majority vote of the shares present and voting at a meeting of shareholders called for such purpose, provided that either: (i) such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such compensation arrangement; or (ii) the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation arrangement and who vote against the arrangement does not exceed 2% of the company's aggregate voting rights. Under special

circumstances, the board of directors may approve the compensation policy despite the objection of the shareholders on the condition that the compensation committee (or the audit committee acting in lieu of a compensation committee pursuant to the Companies Law) and then the board of directors decide, on the basis of detailed arguments and after discussing again the compensation policy, that approval of the compensation policy, despite the objection of the meeting of shareholders, is for the benefit of the company. Our compensation policy was approved by our shareholders on January 23, 2014 and will be in effect for a period of three years from the date of approval. The compensation policy does not, by nature, grant any rights to our directors or officers. The compensation policy includes both long-term and short-term compensation elements and is to be reviewed from time to time by our compensation committee and our board of directors, according to the requirements of the Companies Law.

Our compensation policy serves as the basis for decisions concerning the financial terms of employment or engagement of office holders, including exculpation, insurance, indemnification or any monetary payment or obligation of payment with respect to employment or engagement. According to the Companies Law, the compensation policy must be approved (or reapproved) not longer than every three years and relate to certain factors, including advancement of the company's objectives, the company's business plan and its long-term strategy, and creation of appropriate incentives for office holders. It must also consider, among other things, the company's risk management, size, and nature of its operations. The compensation policy must furthermore consider the following additional factors:

- the knowledge, skills, expertise, and accomplishments of the relevant office holder;
- the office holder's roles and responsibilities and prior compensation agreements with him or her;
- the ratio between the terms offered and the average compensation of the other employees of the company, including those employed through manpower companies;
- the impact of disparities in salary upon work relationships in the company;
- the possibility of reducing variable compensation at the discretion of the board of directors;
- the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation; and
- as to severance compensation, the period of service of the office holder, the terms of his or her compensation during such service period, the company's performance during that period of service, the person's contributions towards the company's achievement of its goals and the maximization of its profits, and the circumstances under which the person is leaving the company.

The compensation policy must also include the following principles:

- the linkage between variable compensation and long-term performance and measurable criteria; however, in certain circumstances, we may grant up to three monthly salaries per year of unmeasurable criteria for an office holder who is not our chief executive officer.
- the ratio between variable and fixed compensation, and the ceiling for the value of variable compensation;
- the conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the company's financial statements;
- the minimum holding or vesting period for variable, equity-based compensation; and
- maximum limits for severance compensation.

Our board of directors has adopted a compensation committee charter setting forth the responsibilities of the committee, which include:

- the responsibilities set forth in the compensation policy;
- reviewing and approving the granting of options and other incentive awards to the extent such authority is delegated by our board of directors; and
- reviewing, evaluating, and making recommendations regarding the compensation and benefits for our non-employee directors.

Financial Statements Committee

Our financial statements committee, which complies with the Israeli Companies Regulations (Provisions and Conditions Regarding the Financial Statements' Authorization Process), 2010, is responsible for considering and making recommendations to the board of directors on our financial statements. Prior to the approval of our financial statements by our board of directors, the financial statements committee reviews and discusses the financial statements and presents its recommendations with respect to the financial statements to the board of directors. Our financial statements committee currently consists of Mr. Armon, Ms. Dror, and Ms. Tori. Our audit committee serves as our financial statements committee as well.

Financing Committee

Our board of directors has formed a finance committee, on which Mr. Ira Leiderman, Mr. Adi Goldin, Mr. Rami Armon, and Dr. Abraham Havron serve as members. The financing committee assists our board of directors in fulfilling its responsibilities across the principal areas of corporate finance for our company and its subsidiary.

Nominating and Corporate Governance Committee

Following the listing of the ADSs on the NASDAQ Capital Market, our nominating and corporate governance committee will consist of Mr. Adi Goldin, Mr. Ira Leiderman, Mr. Rami Armon, and Ms. Orli Tori Trubowicz. Each of the members of our nominating and corporate governance committee is independent under the listing requirements of the NASDAQ Capital Market.

Our board of directors has adopted a nominating and governance committee charter to be effective upon the listing of our shares on the NASDAQ Capital Market that will set forth the responsibilities of the nominating and governance committee which include:

- overseeing and assisting our board in reviewing and recommending nominees for election as directors;
- assessing the performance of the members of our board; and
- establishing and maintaining effective corporate governance policies and practices, including, but not limited to, developing and recommending to our board a set of corporate governance guidelines applicable to our company.

Internal Auditor

Under the Companies Law, the board of directors of a public company must appoint an internal auditor based on the recommendation of the audit committee. The role of the internal auditor is to examine, among other things, our compliance with applicable law and orderly business procedures. The audit committee is required to oversee the activities and to assess the performance of the internal auditor as well as to review the internal auditor's work plan.

An internal auditor may not be:

- a person (or a relative of a person) who holds more than 5% of the company's outstanding shares or voting rights;
- a person (or a relative of a person) who has the power to appoint a director or the general manager of the company;
- an office holder or director of the company; or
- a member of the company's independent accounting firm, or anyone on its behalf.

Ms. Dana Gottesman Erlich, has been serving as our Internal Auditor since November 2013. Ms. Gottesman is a CPA, CIA, MA, Partner in the Risk Advisory Services (RAS) Group at the BDO Ziv Haft accounting firm. Ms. Gottesman has more than 10 years of experience in the provision of internal audit and risk management consulting services to public and private companies, government agencies, municipalities, non-profit organizations, and more. Ms. Gottesman specializes in the analysis and specification of work procedures and their assimilation in the organization, the internal audit of work procedures in different organizations, including the performance of risk surveys and fraud and embezzlement surveys. Ms. Gottesman holds a BA in Accounting and Business Administration and an MA in Internal Audit and Public Administration. Ms. Gottesman's nomination satisfies the requirements of the Companies Law.

Approval of Related Party Transactions Under Israeli Law

Fiduciary Duties of Directors and Officers

The Companies Law imposes a duty of care and a fiduciary duty on all office holders of a company. Each person listed in the table under "Management—Senior Management and Directors" is an office holder under the Companies Law.

The duty of care requires an office holder to act with the degree of proficiency with which a reasonable office holder in the same position would have acted under the same circumstances. The fiduciary duty requires that an office holder act in good faith and in the best interests of the company.

The duty of care includes a duty to use reasonable means to obtain:

- information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position; and
- all other important information pertaining to these actions.

The fiduciary duty includes a duty to:

- refrain from any act involving a conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;
- refrain from any activity that is competitive with the company;
- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and
- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Disclosure of Personal Interests of an Office Holder and Approval of Certain Transactions

The Companies Law requires that an office holder promptly disclose to the company any personal interest that he or she may be aware of and all related material information or documents concerning

any existing or proposed transaction by the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. An office holder is not obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered as an extraordinary transaction.

A "personal interest" is defined under the Companies Law to include a personal interest of any person in an act or transaction of a company, including the personal interest of such person's relative or of a corporate body in which such person or a relative of such person is a 5% or greater shareholder, director, or general manager or in which he or she has the right to appoint at least one director or the general manager, but excluding a personal interest solely stemming from one's ownership of shares in the company.

A personal interest furthermore includes the personal interest of a person for whom the office holder holds a voting proxy or the personal interest of the office holder with respect to his or her vote on behalf of a person for whom he or she holds a proxy even if such shareholder has no personal interest in the matter. An office holder is not, however, obliged to disclose a personal interest if it derives solely from the personal interest of his or her relative in a transaction that is not considered an extraordinary transaction.

Under the Companies Law, an extraordinary transaction is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on the company's profitability, assets, or liabilities.

If it is determined that an office holder has a personal interest in a transaction which is not an extraordinary transaction, approval by the board of directors is required for such transaction, unless the company's articles of association provide for a different method of approval. An extraordinary transaction in which an office holder has a personal interest requires approval first by the company's audit committee and subsequently by the board of directors. In general, the compensation of, or an undertaking to indemnify or insure, an office holder who is not a director requires approval first by the company's compensation committee, then by the company's board of directors, and, if such compensation arrangement or an undertaking to indemnify or insure is inconsistent with the company's stated compensation policy or if the office holder is the chief executive officer (apart from a number of specific exceptions), then such arrangement is subject to a Special Majority approval. Arrangements regarding the compensation, indemnification, or insurance of a director require the approval of the compensation committee, board of directors, and shareholders by ordinary majority, in that order, and under certain circumstances, a Special Majority approval.

Generally, a person who has a personal interest in a matter which is considered at a meeting of the board of directors or the audit committee may not be present at such a meeting or vote on that matter unless the chairman of the relevant committee or board of directors (as applicable) determines that he or she should be present in order to present the transaction that is subject to approval. If a majority of the members of the audit committee or the board of directors (as applicable) has a personal interest in the approval of a transaction, then all directors may participate in discussions of the audit committee or the board of directors (as applicable) on such transaction and the voting on approval thereof, but shareholder approval is also required for such transaction.

Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions

Under Israeli Law, the term "controlling shareholder" means a shareholder with the ability to direct the activities of our company, other than by virtue of being an executive officer or director. A

shareholder is presumed to be a controlling shareholder if the shareholder holds 50% or more of the voting rights in a company or has the right to appoint at least half of the directors of the company or its general manager. For the purpose of approving transactions with controlling shareholders, a controlling shareholder is deemed to include any shareholder that holds 25% or more of the voting rights in a public company if no other shareholder holds more than 50% of the voting rights in the company. For purposes of determining the holding percentage stated above, two or more shareholders who have a personal interest in a transaction that is brought for the company's approval are deemed as joint holders.

Pursuant to Israeli law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. See "—External Directors" for a definition of controlling shareholder. In the context of a transaction involving a shareholder of the company, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated. The approval of the audit committee or compensation committee, the board of directors, and a Special Majority, in that order, is required for: (i) extraordinary transactions with a controlling shareholder or in which a controlling shareholder has a personal interest; (ii) the engagement with a controlling shareholder or his or her relative, directly or indirectly, for the provision of services to the company; (iii) the terms of engagement and compensation of a controlling shareholder or his or her relative who is not an office holder; or (iv) the employment of a controlling shareholder or his or her relative by the company, other than as an office holder.

To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years, approval is required once every three years, unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto.

Arrangements regarding the compensation, indemnification, or insurance of a controlling shareholder in his or her capacity as an office holder require the approval of the compensation committee and board of directors, and, in general, approval by a special majority of shareholders.

Pursuant to regulations promulgated under the Companies Law, certain transactions with a controlling shareholder or his or her relative, or with directors, that would otherwise require approval of a company's shareholders may be exempt from shareholder approval upon certain determinations of the audit committee or compensation committee and board of directors.

Shareholders' Duties

Under the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at general meetings of shareholders and class meetings of shareholders with respect the following matters:

- an amendment of the articles of association or memorandum of association of the company;
- an increase in the company's authorized share capital;
- a merger; or
- the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from discriminating against other shareholders. In addition, certain shareholders have a duty of fairness toward the company. These shareholders include any controlling shareholder, any shareholder who knows that he or she has the power to determine the outcome of a shareholder vote and any shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power. The Companies Law does not define the substance of the duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

Exculpation, Insurance and Indemnification of Directors and Officers

Under the Companies Law, a company may not exculpate an office holder from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our articles of association include such a provision. A company may not exculpate a director from liability arising out of a prohibited dividend or distribution to shareholders.

Under the Companies Law, an Israeli company may indemnify an office holder with respect to the following liabilities and expenses incurred for acts performed as an office holder, either in advance of an event or following an event, provided a provision authorizing such indemnification is contained in its articles of association:

- financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking must detail the abovementioned foreseen events and amount or criteria;

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder: (i) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (a) no indictment was filed against such office holder as a result of such investigation or proceeding and (b) no financial liability was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (ii) in connection with a monetary sanction;

- expenses associated with an administrative procedure, as defined in the Israeli Securities Law, conducted regarding an office holder, including reasonable litigation expenses and reasonable attorneys' fees; and

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for an offense that does not require proof of criminal intent.

Under the Companies Law, a company may insure an office holder against the following liabilities incurred for acts performed as an office holder if and to the extent provided in the company's articles of association:

- a breach of duty of care to the company or to a third party, including a breach arising out of the negligent conduct of the office holder;

- a breach of fiduciary duty to the company, to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a monetary liability imposed on the office holder in favor of a third party; and
- expenses incurred by an office holder in connection with an administrative procedure, including reasonable litigation expenses and reasonable attorneys' fees.

Under the Companies Law, a company may not indemnify or insure an office holder against any of the following:

- a breach of fiduciary duty, except for indemnification and insurance for a breach of the fiduciary duty to the company and to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine or forfeit levied against the office holder.

Under the Companies Law, exculpation, indemnification, and insurance of office holders in a public company must be approved by the compensation committee and the board of directors and, with respect to certain office holders or under certain circumstances, by the shareholders.

Our articles of association and compensation policy allow us to exculpate, indemnify, and insure our office holders according to applicable law.

As of the date of this offering, no claims for directors' and officers' liability insurance have been filed under this policy and we are not aware of any pending or threatened litigation or proceeding involving any of our directors or officers in which indemnification is sought.

We have obtained directors' and officers' liability insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Companies Law. In addition we have entered into agreements with each of our current office holders undertaking to indemnify them to the fullest extent permitted by the Companies Law and our articles of association, including with respect to liabilities resulting from this offering to the extent that these liabilities are not covered by insurance.

In the opinion of the Securities and Exchange Commission, indemnification of directors and office holders for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, however, is against public policy and therefore unenforceable.

There is no pending litigation or proceeding against any of our directors or officers as to which indemnification is being sought, nor are we aware of any pending or threatened litigation that may result in claims for indemnification by any director or officer.

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics applicable to all of our directors and employees, including our chief executive officer, chief financial officer, controller or principal accounting officer, and other persons performing similar functions, which is a "code of ethics" as defined in Item 16B of Form 20-F promulgated by the Securities and Exchange Commission. Upon the effectiveness of the registration statement of which this prospectus forms a part, the full text of the Code of Business Conduct and Ethics will be posted on our website at www.collplant.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus and is not incorporated by reference herein. If we make any amendment to the Code of Business

Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the code of ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the Securities and Exchange Commission. Under Item 16B of the SEC's Form 20-F, if a waiver or amendment of the Code of Business Conduct and Ethics applies to our principal executive officer, principal financial officer, principal accounting officer, or controller and relates to standards promoting any of the values described in Item 16B(b) of such Form 20-F, we will disclose such waiver or amendment on our website in accordance with the requirements of Instruction 4 to such Item 16B.

Compensation of Senior Management and Directors

The following table presents in the aggregate all compensation we paid to all of our senior management and directors as a group for the year ended December 31, 2015. The table does not include any amounts we paid to reimburse any of such persons for costs incurred in providing us with services during this period.

	Salaries, fees, commissions, and bonuses(1)(2) (thousand NIS)	Salaries, fees, commissions, and bonuses(1)(2)(4) (thousand USD)	Value of Options Granted(3) (thousand NIS)	Value of Options Granted(3)(4) (thousand USD)
All senior management and directors as a group, consisting of 12 persons	4,445	1,180	3,563	946

(1) Salary includes cost of salary to the Company and ancillary benefits such as payments to the National Insurance Institute, advanced education funds, managers' insurance and pension funds; vacation pay; recuperations pay as mandated by Israeli law.

(2) Consists of bonus for the year ended December 31, 2014 that was paid in 2015.

(3) Consists of amounts recognized as share-based compensation expense on the Company's statement of comprehensive loss for the year ended December 31, 2015.

(4) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016, at the rate of one U.S. dollar per NIS 3.766.

In accordance with the Companies Law, the following table presents information regarding compensation of our five most highly paid office holders, namely our chief executive officer, chief financial officer, vice president regulatory affairs and quality assurance, vice president research and development and chief scientific officer, during the year ended December 31, 2015.

Name and Position	Salary(1) (thousand NIS)	Bonus(2) (thousand NIS)	Consulting Fees (thousand NIS)	Value of Options Granted(3) (thousand NIS)	Total (thousand NIS)	Total (thousand US dollar)(4)
Yehiel Tal, CEO	842	—	—	963	1,805	479
Eran Rotem, CFO	772	68	—	376	1,216	323
Philippe Bensimon, VP Reg. Affairs & QA	700	44	—	121	865	230
Nadav Orr, VP R&D	660	—	—	106	766	203
Oded Shoseyov, CSO	—	—	384	1,860	2,244	596

(1) Salary includes cost of salary to the Company and ancillary benefits such as payments to the National Insurance Institute, advanced education funds, managers' insurance and pension funds; vacation pay; recuperations pay as mandated by Israeli law.

(2) Consists of bonus for the year ended December 31, 2014 that was paid in 2015.

(3) Consists of amounts recognized as share-based compensation expense on the Company's statement of comprehensive loss for the year ended December 31, 2015.

(4) Calculated using the exchange rate reported by the Bank of Israel for March 31, 2016, at the rate of one U.S. dollar per NIS 3.766.

Compensation of Directors

Under the Companies Law and the rules and regulations promulgated thereunder, external directors are entitled to fixed annual compensation and an additional payment for each meeting attended. We currently pay our external directors Rami Armon and Orli Tori Trubowicz and our independent directors Ira Leiderman and Dr. Abraham Havron an annual fee of NIS 29,000 and a per meeting fee of NIS 1,800. In addition, in July 2015 we granted Xiaojin Qian, Adi Goldin, Ira Leiderman and a former director options to purchase 670,000 ordinary shares, at a price per share of NIS 0.60 ($0.16). The options will vest subject to a vesting period of four years, with half of the options vesting on the second anniversary of the grant date, and the remaining options vesting in equal parts at the end of every month thereafter.

Employment and Services Agreements with Senior Management

Yehiel Tal

Mr. Tal has been our chief executive officer since January 2010. Mr. Tal is entitled to a gross monthly salary of NIS 55,000, and to social benefits, such as paid annual vacation days, severance pay, annual recreation allowance, manager's insurance, sick leave, education fund and expenses reimbursement. In addition, we provide Mr. Tal with a leased company car and a mobile phone. Mr. Tal's employment agreement is terminable by either us or Mr. Tal upon 90 days' prior written notice other than in the case of a termination for cause. Mr. Tal's employment agreement contains a non-compete obligation for a period of 12 months following termination of his employment, and customary provisions regarding confidentiality of information, and assignment of inventions. The agreement does not provide for benefits upon the termination of employment, other than payment of salary and benefits during the required notice period. Mr. Tal's agreement also provides for annual bonus payments based upon criteria determined by the board of directors, as well as special bonuses which may be payable upon the achievement of specified milestones, such as the execution of an income-generating commercial agreement or consummation of an initial public offering (subject to the satisfaction of certain conditions). As of June 30, 2016, Mr. Tal held 4,517,626 ordinary shares and options to purchase 5,823,041 ordinary shares, of which 1,570,541 are fully vested and 4,252,500, that vest over a remaining period of three years from May 19, 2016, in equal parts at the end of every quarter thereafter.

Eran Rotem

Mr. Rotem has served as our chief financial officer since January 2012. Mr. Rotem is entitled to a monthly gross salary of NIS 45,500, and to social benefits, such as paid annual vacation days, severance pay, annual recreation allowance, manager's insurance, sick leave, education fund and expenses reimbursement. In addition, we provide Mr. Rotem with a leased company car and a mobile phone. Mr. Rotem's employment agreement is terminable by either us or Mr. Rotem upon 90 days' prior written notice. Mr. Rotem's employment agreement contains a non-compete obligation for a period of 12 months following termination of his employment and customary provisions regarding confidentiality of information and assignment of inventions. Mr. Rotem's employment agreement also provides for a grant of options to purchase up to 450,000 ordinary shares under the 2010 Plan, which will vest subject

to certain conditions. The agreement does not provide for benefits upon the termination of employment, other than payment of salary and benefits during the required notice period. Mr. Rotem's agreement also provides for annual bonus equal to up to two months' salary based upon successful achievement of objectives determined by our chief executive officer and in accordance with our compensation policy, within three months from the beginning of each calendar year and approval of our board of directors. As of June 30, 2016, Mr. Rotem held options to purchase 3,576,607 ordinary shares, of which 1,326,607 are fully vested, and 2,250,000 that vest over a remaining period of three years from May 19, 2016, in equal parts at the end of every quarter thereafter.

Prof. Oded Shoseyov

Prof. Shoseyov founded our subsidiary CollPlant Ltd. in 2004 and has been our chief scientific officer since August 2008. We entered into written consulting and option agreements with Prof. Shoseyov and is currently paid a monthly service fee of NIS 32,000 including VAT. Prof. Shoseyov's consulting agreement creates an independent contractor relationship between us and therefore does not provide for severance or other employment related benefits. Prof. Shoseyov's agreement is terminable by either us or Prof. Shoseyov upon 90 days' prior written notice other than in the case of a termination for cause. Prof. Shoseyov is also entitled to payment of a special bonus under certain conditions, such as the execution of a substantial commercial agreement with a pharmaceutical company (which entitlement was waived by Prof. Shoseyov upon the approval of the grant of additional options to him in July 2015) and our initial public offering on the TASE (which occurred, and for which Prof. Shoseyov agreed to postpone said bonus payment in the amount of $50,000 to a later period). Under the provisions of the services agreement we have complete ownership in any invention which is derived from our operations and businesses as well as first rights (for the development and commercialization) in any invention that is not our invention and that may be a result of Prof. Shoseyov's activity in the course of providing the services with the exceptions of specific inventions defined in the agreement. The services agreement sets a non-compete obligation for a period of two years following the later of the termination of the services agreement, disposal of all of our securities held by Prof. Shoseyov, the termination of Prof. Shoseyov's membership in our board of directors or termination of any other of Prof. Shoseyov's engagement with us, and further provisions regarding confidentiality. As of June 30, 2016, Prof. Shoseyov held 8,212,720 ordinary shares and options to purchase 12,487,600 ordinary shares, of which 4,987,600 are fully vested and 7,500,000, that vest over a remaining period of 3.75 years from June 22, 2016, in equal parts at the end of every quarter thereafter.

Dr. Ilana Belzer

Dr. Belzer has served as our chief operating officer since October 2015. Dr. Belzer is entitled to a monthly gross salary of NIS 43,000, and to social benefits, such as paid annual vacation days, severance pay, annual recreation allowance, manager's insurance, sick leave, education fund and expenses reimbursement. In addition, we provide Dr. Belzer with a leased company car and a mobile phone. Dr. Belzer's employment agreement is terminable by either us or Dr. Belzer upon 60 days' prior written notice. Dr. Belzer's employment agreement contains a non-compete obligation for a period of six months following termination of her employment and customary provisions regarding confidentiality of information and assignment of inventions. The agreement does not provide for benefits upon the termination of employment, other than payment of salary and benefits during the required notice period. Dr. Belzer's agreement also provides for an annual bonus, payable within three months from the beginning of each calendar year, equal to up to two months' salary based upon the successful achievement of objectives determined by our chief executive officer and in accordance with our compensation policy, subject to approval of our board of directors. As of June 30, 2016, Dr. Belzer holds options to purchase 700,000 ordinary shares, granted pursuant to her employment agreement and the 2010 Plan, which vest over four years, with one quarter of the options vesting on the first

anniversary of the grant date, and the remaining options vesting in equal parts at the end of every quarter thereafter.

Dr. Nadav Orr

Dr. Orr has served as our vice president of research and development since September 2014. Dr. Orr is entitled to a monthly gross salary of NIS 40,000, and to social benefits, such as paid annual vacation days, severance pay, annual recreation allowance, manager's insurance, sick leave, education fund and expenses reimbursement. In addition, we provide Dr. Orr with a leased company car and a mobile phone. Dr. Orr's employment agreement is terminable by either us or Dr. Orr upon 90 days' prior written notice. Dr. Orr's employment agreement contains a non-compete obligation for a period of six months following termination of his employment and customary provisions regarding confidentiality of information and assignment of inventions. Dr. Orr's employment agreement also provides for a grant of options to purchase up to 400,000 ordinary shares under the 2010 Plan, which will vest subject to certain conditions. The agreement does not provide for benefits upon the termination of employment, other than payment of salary and benefits during the required notice period. Dr. Orr's agreement also provides for annual bonus equal to up to two months' salary based upon successful achievement of objectives determined by our chief executive officer and in accordance with our compensation policy, within three months from the beginning of each calendar year and approval of our board of directors. As of June 30, 2016, Dr. Orr held options to purchase 1,400,000 ordinary shares, of which 425,000 are fully vested and 975,000, that vest over a period of the next three years, in equal parts at the end of every quarter.

Shomrat Shurtz

Ms. Shurtz has served as our senior director of business development since September 2015. Ms. Shurtz is entitled to a monthly gross salary of NIS 38,000, and to social benefits, such as paid annual vacation days, severance pay, annual recreation allowance, manager's insurance, sick leave, education fund and expenses reimbursement. In addition, we provide Ms. Shurtz with a leased company car and a mobile phone. Ms. Shurtz's employment agreement is terminable by either us or Ms. Shurtz upon 60 days' prior written notice. Ms. Shurtz's employment agreement contains a non-compete obligation for a period of six months following termination of her employment and customary provisions regarding confidentiality of information and assignment of inventions. The agreement does not provide for benefits upon the termination of employment, other than payment of salary and benefits during the required notice period. Ms. Shurtz's agreement also provides for an annual bonus, payable within three months from the beginning of each calendar year, equal to up to two months' salary based upon the successful achievement of objectives determined by our chief executive officer and in accordance with our compensation policy, subject to approval of our board of directors. As of June 30, 2016, Ms. Shurtz holds options to purchase 600,000 ordinary shares, granted pursuant to her employment agreement and the 2010 Plan, which vest over four years, with one quarter of the options vesting on the first anniversary of the grant date, and the remaining options vesting in equal parts at the end of every quarter thereafter.

Dr. Philippe Bensimon

Dr. Bensimon has served as our vice president of regulatory affairs and quality assurance since February 2011. Dr. Bensimon is entitled to a monthly gross salary of NIS 44,000, and to social benefits, such as paid annual vacation days, severance pay, annual recreation allowance, manager's insurance, sick leave, education fund and expenses reimbursement. In addition, we provide Dr. Bensimon with a leased company car and a mobile phone. Dr. Bensimon's employment agreement is terminable by either us or Dr. Bensimon upon 60 days' prior written notice other than in the case of a termination for cause. Dr. Bensimon's employment agreement contains a non-compete obligation for a period of

12 months following termination of his employment and customary provisions regarding confidentiality of information and assignment of inventions. Dr. Bensimon's employment agreement also provides for a grant of options to purchase up to 200,000 ordinary shares under the 2010 Plan, which will vest subject to certain conditions. The agreement does not provide for benefits upon the termination of employment, other than payment of salary and benefits during the required notice period. Dr. Bensimon's agreement also provides for annual bonus payments based upon successful achievement of objectives determined each year by our chief executive officer and in accordance with our compensation policy and approval of our board of directors. As of June 30, 2016, Dr. Bensimon held options to purchase 1,850,000 ordinary shares, of which 753,125 are fully vested, 84,375 will vest subject to a vesting period that ends in July 2017, and 1,012,500, that vest over a period of three years from May 19, 2016, in equal parts at the end of every quarter thereafter.

The term "cause" in all of our employment and services agreements means a breach by the employee/consultant of any of the material terms or conditions of his employment agreement, or any other agreement between him and us, employee/consultant's willful misconduct, or action of personal dishonesty, bad faith, or breach of trust towards us or any of our subsidiaries and/or affiliates, the commission by the employee/consultant of a criminal offense, or fraud against us and/or any of our subsidiaries and/or affiliates or in cases of employees only, circumstances that would otherwise deny the employee of the severance payments due to him under applicable law.

In addition, we have entered into compensation agreements with certain of our directors. The amounts payable pursuant to these arrangements have been approved by our board of directors and shareholders.

Under the Companies Law, directors (except for external directors and independent directors, whose compensation is mandatory) are not entitled to compensation for their service as directors or otherwise. In principle, such compensation should be approved by the compensation committee, then by the board of directors, and finally by the shareholders. The compensation of our directors may be fixed, as an annual all-inclusive payment or as payment for participation in meetings, or as a combination thereof, and may also include equity-based compensation. In addition, such compensation may include: (i) in the case of a director who is also an officer or a service provider, a salary or other compensation with respect to his or her work as an officer or services as a service provider, as may be agreed upon by the director and us; and (ii) reimbursement of expenses, including travel expenses, expended in connection with his or her duties as a member of the board of directors. To date, our external directors and independent directors have received annual participation fees, and all of our directors (except for external directors) have been granted options as part of our 2010 Plan.

Share Incentive Plan

In May 2010, we adopted the 2010 Plan, an option plan for employees and senior officers, and as part of the acquisition of CollPlant Ltd., all of the options under the Employee Share Ownership and Option Plan (2004) of CollPlant Ltd. were substituted with and assumed by options under our 2010 Plan, while any restriction periods under Sections 102(b)(2) and 102(b)(3) of the Israeli Income Tax Ordinance, or the Ordinance were calculated as of their original grant date. The 2010 Plan allows us to grant options to purchase our ordinary shares to our officers, employees, and consultants. The 2010 Plan is intended to enhance our ability to attract and retain desirable individuals by increasing their ownership interests in us. As of June 30, 2016, our employees, officers, and consultants hold an aggregate of 44,370,786 options to purchase ordinary shares under the 2010 Plan. As of June 30, 2016, options to purchase an aggregate of 6,757,943 ordinary shares had been exercised and transferred to the beneficial holders. The 2010 Plan is designed to reflect the provisions of the Israeli Income Tax Ordinance, or the Ordinance, mainly Sections 102 and 3(i), which affords certain tax advantages to Israeli employees, officers, and directors that are granted options in accordance with its terms. Section 102 of the Ordinance allows employees, directors, and officers, who are not controlling

shareholders and who are Israeli residents, to receive favorable tax treatment for compensation in the form of shares or options. Section 102 of the Ordinance includes two alternatives for tax treatment involving the issuance of options or shares to a trustee for the benefit of the grantees and also includes an additional alternative for the issuance of options or shares directly to the grantee. Sections 102(b)(2) and 102(b)(3) of the Ordinance, which provide the most favorable tax treatment for grantees, permit the issuance to a trustee under the "capital gains track." In order to comply with the terms of the capital gains track, all options granted under a specific plan and subject to the provisions of Section 102 of the Ordinance, as well as the shares issued upon exercise of such options and other shares received following any realization of rights with respect to such options, such as share dividends and share splits, must be registered in the name of a trustee selected by the board of directors and held in trust for the benefit of the relevant employee, director, or officer. The trustee may not release these options or shares to the relevant grantee before the second anniversary of the registration of the options in the name of the trustee. However, under this track, our ability to deduct an expense with respect to the issuance of the options or shares might be limited. Section 3(i) of the Ordinance does not provide for similar tax benefits.

The plans may be administered by our board of directors either directly or upon the recommendation of a committee appointed by our board of directors.

The compensation committee recommends to the board of directors, and the board of directors determines or approves the eligible individuals who receive options under the plan, the number of ordinary shares covered by those options, the terms under which such options may be exercised, and other terms and conditions of the options, all in accordance with the provisions of the plans. Option holders may not transfer their options except in the event of death or transfer to an Administrator in accordance with law in the event of the absence of legal competency. Our compensation committee or board of directors may at any time amend or terminate each of the plans; however, any amendment or termination may not adversely affect any options or shares granted under such plan prior to such action.

The option exercise price is determined by the compensation committee, following the approval of the board of directors, and specified in each option award agreement. In general, and according to our compensation policy, the option exercise price is the market value of the shares on the date of grant as traded on the TASE.

Awards under the 2010 Plan may be granted until 2020, 10 years from the date on which the 2010 Plan was approved by our board of directors.

Options granted under the 2010 Plan generally vest over four years commencing on the date of grant such that 25% vest on the first anniversary of the date of grant and an additional 6.25% vest at the end of each subsequent three-month period thereafter for 36 months and some every calendar year, unless otherwise provided in a specific allocation agreement.

Options, other than certain incentive share options, that are not exercised within 10 years from the grant date expire, unless otherwise determined by our board of directors. Except as otherwise determined by the board of directors or as set forth in an individual's award agreement, in the event of termination of employment or services for reasons of disability, death, or retirement, the grantee, or in the case of death, his or her legal successor, may exercise options that have vested prior to termination within a period of one year from the date of disability, death, or retirement. If we terminate a grantee's employment or service for cause, all of the grantee's unvested options will expire on the date of termination, yet options which by that date the offeree's eligibility to exercise has already been formed shall remain exercisable. If a grantee's employment or service is terminated for any other reason, the grantee may exercise his or her vested options within 90 days of the date of termination. Any expired or unvested options return to the pool for reissuance.

In the event of (i) a sale of all or substantially all of our assets or (ii) our consolidation or merger in which we are not the ongoing or surviving corporation, then, and unless otherwise determined in the agreement or by the board, we shall be entitled to determine that all of the outstanding unexercised options held by or for the benefit of any grantee shall be assumed or substituted for an appropriate number of options of the successor company, provided that the aggregate amount of the exercise price for such options shall be equal to the aggregate amount of the exercise price of our unexercised options held by each grantee at such time.

In the event of termination of the employment or the director or service-provider relationship by us or by a related company within 12 months after a significant event in which the options were assumed, then the unvested portion of the options shall become fully vested, and shall remain exercisable for a period of three months following the termination or notice of termination. For such purposes, a "Significant Event" would include our consolidation or merger with or into another corporation in which we are the ongoing or surviving corporation or in which, the ongoing or surviving corporation (or, if such transaction is effected through a subsidiary, the parent of such ongoing or surviving corporation) assumes the option or substitutes it with an appropriate option in the surviving corporation (or in the parent as aforesaid) in the manner set forth above.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of the material terms of those transactions with related parties to which we are party to date. U.S. dollar translations of NIS amounts are translated using the rate of NIS 3.766 to one U.S. dollar, the exchange rate reported by the Bank of Israel for March 31, 2016.

Issuances of Securities over the Past Three Years

- On July 4, 2013, our board of directors approved the grant of options to purchase 270,000 ordinary shares to our employees, including one of our officers, at a price per share of NIS 0.44 ($0.12), with a vesting period and other terms in compliance with our compensation policy.

- On September 29, 2013, our shareholders approved the grant of options to purchase 354,177 ordinary shares to Yehiel Tal, Prof. Oded Shoseyov and to Efi Cohen Arazi (our former chairman), at a price per share of NIS 0.30 ($0.08).

- On November 26, 2013, we issued and sold 16,856,173 ordinary shares at a price per share of NIS 0.53 ($0.14) to Trauwin Pte Ltd., pursuant to a private offering, for aggregate gross proceeds of NIS 9.4 million ($2.5 million).

- On December 18 and 24, 2013, we issued and sold 68,313,000 ordinary shares at a price per share of NIS 0.30 ($0.08) and warrants (Series F) to purchase 75,144,300 ordinary shares at an exercise price of NIS 0.70 ($0.19) per share to Israeli institutional investors and the Israeli public pursuant to two consecutive public offerings, for aggregate gross proceeds of NIS 21.3 million ($5.65 million). The following owners of our ordinary shares participated in these offerings: Docor Levi Lassen BV acquired 2,802,000 ordinary shares, and Prof. Oded Shoseyov acquired 110,000 ordinary shares.

- On January 9, 2014, we issued and sold 4,517,626 ordinary shares to Mr. Yehiel Tal, our chief executive officer, pursuant to his exercise of options, for aggregate proceeds of NIS 45,000 ($11,940).

- On September 8, 2014, our board of directors approved the grant of options to purchase 400,000 ordinary shares to Nadav Orr, our vice president of research and development, at a price per share of NIS 0.254 ($0.07), with a vesting period and other terms in compliance with our compensation policy.

- On October 29, 2014, our shareholders approved the grant of options to purchase 7,241,770 ordinary shares to Yaron Yaniv, our former chairman of the board of directors, at a price per share of NIS 0.26 ($0.07), which terms are in compliance with our compensation policy (except for the vesting period).

- On May 18, 2015, our board of directors approved the grant of options to purchase 8,450,000 ordinary shares to our employees and service providers, including three of our officers, at a price per share of NIS 0.60 ($0.16), with a vesting period and other terms in compliance with our compensation policy.

- On July 1, 2015 we issued and sold 24,951,000 ordinary shares, including 16,788,419 ordinary shares at a price per share of NIS 0.449 ($0.12) and 8,162,581 ordinary shares at a price per share of NIS 0.4978 ($0.13), as well as 9,296,284 Series G warrants exercisable at an exercise price of NIS 0.80 ($0.21) per share and 4,152,764 Series H warrants exercisable at an exercise price of NIS 0.8478 ($0.23) per share, for gross proceeds of $3.0 million.

- On July 30, 2015, our shareholders approved the following grant: options to purchase 10,000,000 ordinary shares to Prof. Oded Shoseyov, at a price per share of NIS 0.60 ($0.16), options to purchase 5,670,000 ordinary shares to our Yehiel Tal, at a price per share of NIS 0.60 ($0.16);

and options to purchase 670,000 ordinary shares to each of Xiaojin Qian, Adi Goldin, Ira Leiderman, and a former director, at a price per share of NIS 0.60 ($0.16), all with a vesting period and other terms in compliance with our compensation policy. Such grants were approved by our board of directors prior to shareholders' approval.

- On August 31, 2015, our board of directors approved the grant of options to purchase 600,000 ordinary shares to Shomrat Shurtz; and options to purchase 700,000 ordinary shares to Dr. Ilana Belzer, at a price per share of NIS 0.85 ($0.23), with a vesting period and other terms in compliance with our compensation policy and subject to further approval by our shareholders.

- On February 2, 2016, in a financing we issued and sold 17,237,710 ordinary shares at a price per share of NIS 0.475 ($0.13), as well as 12,930,505 Series I warrants exercisable at an exercise price of NIS 0.80 ($0.21) per share and 8,618,855 Series J warrants exercisable at an exercise price of NIS 0.575 ($0.15) per share, for gross proceeds of $2.1 million. In addition, under the terms of the underwriting agreement, we issued 814,520 Series I warrants to the Israeli underwriters in the transaction under the same conditions set out above.

- On June 9, 2016, in a financing we issued and sold 33,803,500 ordinary shares at a price per share of NIS 0.35 ($0.09), as well as 33,803,500 Series K warrants exercisable at an exercise price of NIS 0.60 ($0.16) per share, for gross proceeds of $3.1 million. In addition, under the terms of the underwriting agreement, we issued 2,728,000 Series K warrants to the Israeli underwriters in the transaction under the same conditions set out above. The following owners of our ordinary shares participated in these offerings: Docor Levi Lassen BV acquired 2,286,000 ordinary shares and 2,286,000 Series K warrants, and Meitav Dash acquired 8,181,500 ordinary shares and 8,181,500 Series K warrants.

Agreements with Yissum

We have entered into certain agreements with Yissum, in which Prof. Oded Shoseyov, our chief scientific officer, has or might have a personal interest, including an agreement dated July 13, 2004 with respect to the intellectual property rights relating to our rhCollagen. See "Business—Agreement with Yissum Research Development Company of the Hebrew University of Jerusalem Ltd. with Respect to Our rhCollagen" See "Management—Approval of Related Party Transactions Under Israeli Law."

On July 29, 2010, we signed a joint development and cross license agreement with Yissum. The agreement governs the relationship between the parties in connection with the invention protected by a patent application for the Resilin protein and future results from development work related to Resilin conducted jointly by us and Yissum or solely by us or Yissum. The Resilin protein and its patent are not related to our collagen protein and its related patents. The agreement stipulates that the parties will be co-owners of the Resilin patent and its associated know-how developed prior to the date of execution of the agreement. Developments results developed by the company together with Yissum, or independently be Yissum within the company's field shall be jointly owned by both parties. Developments results developed independently by the company, or independently by Yissum in Yissum's field, shall be owned by the developing party. Each party has granted the other an exclusive worldwide license, which can be sub-licensed, to make use of the Resilin patent and its associated know-how, including the joint IP developed under this agreement, for the purposes of research, development, production, marketing, distribution, license or sale of products limited to the licensee's field of use. Accordingly, we have exclusive rights to the technology for all human and veterinary uses, including therapeutic and diagnostic. Yissum has exclusivity in any other field. We were also granted first rights to develop and commercialize products in Yissum's field of exclusivity where a sub-license has not yet been given by Yissum to a third party.

On April 20, 2015, we entered into a consortium agreement with several international companies and academic institutions, outlining the framework of a tissue research and development project using

nanotechnology, our rhCollagen, and stem cell technology. The project is expected to last approximately three years. The Hebrew University of Jerusalem together with Yissum and Prof. Oded Shoseyov, our chief scientist and the project manager on behalf of Yissum, will also take part in the project.

As part of the project, we will supply an insignificant amount of our rhCollagen to the Hebrew University, and become a member of the steering committee of the project. The agreement contains provisions protecting each consortium member's rights including with respect to the intellectual property to be developed as part of the project, and protecting us, our rhCollagen, and any intellectual property developed as part of the project with respect to our rhCollagen whether by the Hebrew University or by other parties participating in the consortium, as applicable.

Rights of Appointment

Our current board of directors consists of seven directors. See "Management—Board of Directors." Currently serving directors that were appointed prior to this offering (other than the external directors) will continue to serve pursuant to their appointment until the first annual meeting of shareholders held after this offering. We are not a party to, and are not aware of, any voting agreements among our shareholders.

Registration Rights

There are no registration rights applicable to our ordinary shares.

Agreements with Directors and Senior Management

Insurance, Exculpation, and Indemnification Agreements

We have entered into indemnification agreements with each of our current directors and executive officers exculpating them from a breach of their duty of care to us to the fullest extent permitted by law, subject to limited exceptions, and undertaking to indemnify them to the fullest extent permitted by Israeli law, subject to limited exceptions, and including with respect to liabilities resulting from this offering to the extent such liabilities are not covered by insurance. See "Management—Approval of Related Party Transactions Under Israeli Law—Exculpation, Insurance and Indemnification of Directors and Officers."

Employment and Services Agreements

We have entered into employment or services agreements with our senior management. See "Management—Employment and Services Agreements with Senior Management and Directors."

Options

Since our inception, we have granted options to purchase our ordinary shares to certain of our officers. We describe our option plans under "Management—Share Incentive Plan."

PRINCIPAL SHAREHOLDERS

The following table sets forth information with respect to the beneficial ownership of our shares as of June 30, 2016 by:

- each of our senior management and directors;
- each person or entity known by us to beneficially own more than 5% of our outstanding shares; and
- all of our senior management and directors as a group.

Our major shareholders do not have voting rights that are different from our shareholders in general.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission. These rules generally attribute beneficial ownership of securities to persons who possess sole or shared voting or investment power with respect to those securities, and include shares subject to options and warrants that are exercisable within 60 days after June 30, 2016. Such shares are also deemed outstanding for purposes of computing the percentage ownership of the person holding the option, but not the percentage ownership of any other person. As of June 30, 2016, there were no holders of record of our ordinary shares in the United States.

Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares, except to the extent that authority is shared by spouses under community property laws. All percentages in this table assume no exercise by the underwriters of their option to purchase up to an additional shares from us. None of our shareholders has informed us that he, she, or it is affiliated with a registered broker-dealer or is in the business of underwriting securities. None of our shareholders has different voting rights from other shareholders.

Unless otherwise indicated, the address of each beneficial owner is c/o 3 Sapir Street, Weizmann Science Park, P.O. Box 4132, Ness-Ziona 74140, Israel.

	Ordinary Shares Beneficially Owned	Percentage of Ordinary Shares Beneficially Owned	
		Prior to the Offering	After the Offering
5% Shareholders			
Meitav Dash Investment Ltd.(1)	67,771,329	19.83%	%
Trauwin Pte Ltd.(2)	16,856,173	5.31%	
Docor Levi Lassen BV(3)	25,998,916	8.09%	
Ami Sagi(4)	21,414,221	6.75%	
Senior Management and Directors			
Adi Goldin	—	—	
Oded Shoseyov(5)	13,200,320	4.09%	
Xiaojin Qian	—	—	
Ira Leiderman	—	—	
Abraham Havron	—	—	
Orli Tori Trubowicz	—	—	
Rami Armon	—	—	
Yehiel Tal(6)	6,442,542	2.02%	
Eran Rotem(7)	1,514,107	*	
Philippe Bensimon(8)	856,250	*	
Nadav Orr(9)	487,500	*	
Shomrat Shurtz	—	—	
Ilana Belzer	—	—	
All senior management and directors as a group (13 persons)	22,500,719	7.01%	

* Less than 1%

(1) Consists of warrants to purchase 24,216,598 ordinary shares exercisable within 60 days of June 30, 2016 and 35,373,231 ordinary shares. To the best of our knowledge, Meitav Dash Investments Ltd. is a public company traded on the Tel Aviv Stock Exchange Ltd. According to its public reports, to date, the natural person or persons who hold voting and dispositive control over the shares beneficially owned by Meitav Dash Investments Ltd. are: Mr. Eli Barkat, Mr. Nir Barkat, Mr. Yuval Rechavi and Mr. Zvi Stepak.

(2) To the best of our knowledge, to date, the natural person, or persons who hold voting and dispositive control over the shares beneficially owned by Trauwin Pte Ltd. is Mr. Qian Fuqing.

(3) Consists of warrants to purchase 6,143,000 ordinary shares exercisable within 60 days of June 30, 2016 and 19,855,916 ordinary shares. To the best of our knowledge, to date, the Van Leer Foundation Group holds voting and dispositive control over the shares beneficially owned by Docor Levi Lassen BV and Dr. Alon Dumanis, an Israeli citizen, serves as the chief executive officer of Docor Levi Lassen BV. Dr. Dumanis, in his capacity as chief executive officer of Docor Levi Lassen BV, is responsible for the investments of Docor Levi Lassen BV, and as such, may be deemed to be the beneficial owner of, and to possess voting and dispositive power over the shares held by Docor Levi Lassen BV. To the best of our knowledge the Van Leer Foundation Group's governing council, as of December 31, 2013, consists of Gideon Frank, Rien van Gendt, Jacqueline Tammenoms Bakker, Robert Swaak, Julia Neuberger, Jonathan Kestenbaum and Steven Kaempfer.

(4) Consists of warrants to purchase 270,632 ordinary shares exercisable within 60 days of June 30, 2016 and 21,143,589 ordinary shares.

(5) Consists of: (i) options to purchase 4,867,904 ordinary shares exercisable within 60 days of June 30, 2016; (ii) warrants to purchase 119,696 ordinary shares exercisable within 60 days of June 30, 2016; and (iii) 8,212,720 ordinary shares.

(6) Consists of options to purchase 1,924,916 ordinary shares exercisable within 60 days of June 30, 2016 and 4,517,626 ordinary shares.

(7) Consists of options to purchase 1,514,107 ordinary shares exercisable within 60 days of June 30, 2016.

(8) Consists of options to purchase 856,250 ordinary shares exercisable within 60 days of June 30, 2016.

(9) Consists of options to purchase 487,500 ordinary shares exercisable within 60 days of June 30, 2016.

DESCRIPTION OF OUR ORDINARY SHARES

The following description of our ordinary shares and provisions of our articles of association are summaries and do not purport to be complete. U.S. dollar translations of NIS amounts are translated using the rate of NIS 3.766 to one U.S. dollar, the exchange rate reported by the Bank of Israel for March 31, 2016.

General

As of June 30, 2016, our authorized share capital consisted of 1,500,000,000 ordinary shares, of which 320,237,991 ordinary shares were issued and outstanding. All of our outstanding ordinary shares have been validly issued, fully paid and non-assessable.

Upon the closing of this offering, our authorized share capital will consist solely of ordinary shares, par value NIS 0.01 per share, of which shares will be issued and outstanding (assuming that the underwriters do not exercise their option to purchase additional ordinary shares). Our ordinary shares are not redeemable and do not have any preemptive rights.

Options

As of June 30, 2016, an aggregate of ordinary shares were reserved for issuance under our equity plans, of which options to purchase 44,370,786 ordinary shares have been granted and are outstanding, options to purchase 6,757,943 ordinary shares have been exercised and such ordinary shares have been transferred to the beneficiary holders. No options for ordinary shares are currently reserved under our equity plans for future option grants.

Warrants

As of June 30, 2016, the following warrants were issued and outstanding:

- Series F warrants to purchase 88,337,260 ordinary shares at a weighted average exercise price of NIS 0.70 ($0.19) per ordinary share. The expiration date of these warrants is December 31, 2016.
- Series G warrants to purchase 9,296,284 ordinary shares at an exercise price of NIS 0.80 ($0.21) per ordinary share. The expiration date of these warrants is June 30, 2018.
- Series H warrants to purchase 4,152,764 ordinary shares at an exercise price of NIS 0.8478 ($0.23) per ordinary share. The expiration date of these warrants is June 30, 2018.
- Series I warrants to purchase 13,745,025 ordinary shares at an exercise price of NIS 0.8 ($0.21) per ordinary share. The expiration date of these warrants is January 31, 2019.
- Series J warrants to purchase 8,618,855 ordinary shares at an exercise price of NIS 0.575 ($0.15) per ordinary share. The expiration date of these warrants is July 31, 2016.

Share History

See "Certain Relationships and Related Party Transactions—Issuances of Securities over the Past Three Years."

Registration Number and Purposes of the Company

Our registration number with the Israeli Registrar of Companies is 52-0039785. Our purpose as set forth in our articles of association is to engage in any lawful activity.

Voting Rights and Conversion

All ordinary shares have identical voting and other rights in all respects.

Transfer of Shares

Our fully paid ordinary shares are issued in registered form and may be freely transferred under our articles of association, unless the transfer is restricted or prohibited by another instrument, applicable law, or the rules of a stock exchange on which the shares are listed for trade. The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our articles of association or the laws of the State of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Election of Directors

Our ordinary shares do not have cumulative voting rights for the election of directors. As a result, the holders of a majority of the voting power represented at a shareholders meeting have the power to elect all of our directors, subject to the special approval requirements for external directors described under "Management—External Directors."

Under our articles of association, our board of directors must consist of not less than three but no more than twelve directors, including two external directors, as required by the Companies Law. Pursuant to our articles of association, other than the external directors, for whom special election requirements apply under the Companies Law, the vote required to appoint a director is a simple majority vote of holders of our voting shares, participating and voting at the relevant meeting. Each director will serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation, or removal by a vote of the majority voting power of our shareholders at a general meeting of our shareholders or until his or her office expires by operation of law, in accordance with the Companies Law. In addition, our articles of association allow our board of directors to appoint directors to fill vacancies on the board of directors to serve for a term of office equal to the remaining period of the term of office of the directors(s) whose office(s) have been vacated. External directors are elected for an initial term of three years, may be elected for additional terms of three years each under certain circumstances, and may be removed from office pursuant to the terms of the Companies Law. See "Management—External Directors." for more information.

Dividend and Liquidation Rights

We may declare a dividend to be paid to the holders of our ordinary shares in proportion to their respective shareholdings. Under the Companies Law, dividend distributions are determined by the board of directors and do not require the approval of the shareholders of a company unless the company's articles of association provide otherwise. Our articles of association do not require shareholder approval of a dividend distribution and provide that dividend distributions may be determined by our board of directors.

Pursuant to the Companies Law, the distribution amount is limited to the greater of retained earnings or earnings generated over the two most recent fiscal years, according to our then last reviewed or audited financial statements, provided that the date of the financial statements is not more than six months prior to the date of the distribution, or we may otherwise only distribute dividends that do not meet such criteria only with court approval. In each case, we are only permitted to distribute a dividend if our board of directors and the court, if applicable, determines that there is no reasonable concern that payment of the dividend will prevent us from satisfying our existing and foreseeable obligations as they become due.

In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of our ordinary shares in proportion to their shareholdings. This right, as well as the right to receive dividends, may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

With respect to non-exculpation of a director from liability arising out of a prohibited dividend or distribution to shareholders see "Management—Approval of Related Party Transactions Under Israeli Law—Exculpation, Insurance and Indemnification of Directors and Officers."

Exchange Controls

There are currently no Israeli currency control restrictions on remittances of dividends on our ordinary shares, proceeds from the sale of the shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that are, or have been, in a state of war with Israel.

Shareholder Meetings

Under Israeli law, we are required to hold an annual general meeting of our shareholders once every calendar year that must be held no later than 15 months after the date of the previous annual general meeting. All meetings other than the annual general meeting of shareholders are referred to in our articles of association as extraordinary general meetings. Our board of directors may call extraordinary general meetings whenever it sees fit, at such time and place, within or outside of Israel, as it may determine. In addition, the Companies Law provides that our board of directors is required to convene an extraordinary general meeting upon the written request of (i) any two of our directors or one-quarter of the members of our board of directors or (ii) one or more shareholders holding, in the aggregate, either (a) 5% or more of our outstanding issued shares and 1% of our outstanding voting power or (b) 5% or more of our outstanding voting power. One or more shareholders, holding 1% or more of the outstanding voting power, may ask the board to add an item to the agenda of a prospective meeting, if the proposal merits discussion at the general meeting.

Subject to the provisions of the Companies Law and the regulations promulgated thereunder, shareholders entitled to participate and vote at general meetings are the shareholders of record on a date to be decided by the board of directors, which may be between four and 40 days prior to the date of the meeting. Furthermore, the Companies Law requires that resolutions regarding the following matters must be passed at a general meeting of our shareholders:

- amendments to our articles of association;
- appointment or termination of our auditors;
- appointment of external directors;
- approval of certain related party transactions;
- increases or reductions of our authorized share capital;
- a merger; and
- the exercise of our board of director's powers by a general meeting, if our board of directors is unable to exercise its powers and the exercise of any of its powers is required for our proper management.

The Companies Law and the regulations thereof require that a notice of any annual general meeting or extraordinary general meeting be provided to shareholders at least 21 days or 14 days, as applicable, prior to the meeting and if the agenda of the meeting includes, for example, the appointment or removal of directors, the approval of transactions with office holders or interested or

related parties, or an approval of a merger, notice must be provided at least 35 days prior to the meeting.

All shareholder decisions are to be taken by votes in a shareholders' meeting. Under the Companies Law and our articles of association, shareholders are not permitted to take action via written consent in lieu of a meeting.

Voting Rights

Quorum Requirements

Pursuant to our articles of association, holders of our ordinary shares have one vote for each ordinary share held on all matters submitted to a vote before the shareholders at a general meeting. As a foreign private issuer, the quorum required for our general meetings of shareholders consists of at least two shareholders present in person, by proxy or written ballot who hold or represent between them at least 25% of the total outstanding voting rights. A meeting adjourned for lack of a quorum is generally adjourned to the same day in the following week at the same time and place or to a later time or date if so specified in the notice of the meeting. At the reconvened meeting, any two or more shareholders present in person or by proxy shall constitute a lawful quorum. See "Management—Corporate Governance Practices" for more information.

Vote Requirements

Our articles of association provide that all resolutions of our shareholders require a simple majority vote, unless otherwise required by the Companies Law or by our articles of association. Under the Companies Law, each of (i) the approval of an extraordinary transaction with a controlling shareholder and (ii) the terms of employment or other engagement of the controlling shareholder of the company or such controlling shareholder's relative (even if not extraordinary) requires the approval described above under "Management—Approval of Related Party Transactions Under Israeli Law—Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions." Under our articles of association, the alteration of the rights, privileges, preferences, or obligations of any class of our shares requires a simple majority vote of the class so affected (or such other percentage of the relevant class that may be set forth in the governing documents relevant to such class), in addition to the ordinary majority vote of all classes of shares voting together as a single class at a shareholder meeting. An exception to the simple majority vote requirement is a resolution for the voluntary winding up, or an approval of a scheme of arrangement or reorganization, of the company pursuant to Section 350 of the Companies Law, which requires the approval of holders of 75% of the voting rights represented at the meeting, in person, by proxy, or by voting deed and voting on the resolution.

Access to Corporate Records

Under the Companies Law, shareholders are provided access to: minutes of our general meetings; our shareholders register and principal shareholders register, articles of association and financial statements; and any document that we are required by law to file publicly with the Israeli Companies Registrar or the Israel Securities Authority. In addition, shareholders may request to be provided with any document related to an action or transaction requiring shareholder approval under the related party transaction provisions of the Companies Law. We may deny this request if we believe it has not been made in good faith or if such denial is necessary to protect our interest or protect a trade secret or patent.

Modification of Class Rights

Under the Companies Law and our articles of association, the rights attached to any class of share, such as voting, liquidation, and dividend rights, may be amended by adoption of a resolution by the holders of a majority of the shares of that class present at a separate class meeting, or otherwise in accordance with the rights attached to such class of shares, as set forth in our articles of association.

Pursuant to Israel's securities laws, a company whose shares are registered for trade on the TASE may not have more than one class of shares for a period of one year following initial registration of the company on the TASE, after which it is permitted to issue preferred shares, if the preference of those shares is limited to a preference in the distribution of dividends and these preferred shares have no voting rights.

Registration Rights

None of our shareholders is entitled to registration rights.

Acquisitions under Israeli Law

Full Tender Offer

A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the target company's issued and outstanding share capital is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the relevant class for the purchase of all of the issued and outstanding shares of that class. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares.

Upon a successful completion of such a full tender offer, any shareholder that was an offeree in such tender offer, whether such shareholder accepted the tender offer or not, may, within six months from the date of acceptance of the tender offer, petition an Israeli court to determine whether the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However, under certain conditions, the offeror may include in the terms of the tender offer that an offeree who accepted the offer will not be entitled to petition the Israeli court as described above.

If (i) the shareholders who did not respond or accept the tender offer hold at least 5% of the issued and outstanding share capital of the company or of the applicable class or the shareholders who accept the offer constitute less than a majority of the offerees that do not have a personal interest in the acceptance of the tender offer, or (ii) the shareholders who did not accept the tender offer hold 2% or more of the issued and outstanding share capital of the company (or of the applicable class), the acquirer may not acquire shares of the company that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class from shareholders who accepted the tender offer.

Special Tender Offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a

holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of at least 25% of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a special tender offer if, as a result of the acquisition, the purchaser would become a holder of more than 45% of the voting rights in the company, provided that there is no other shareholder of the company who holds more than 45% of the voting rights in the company, subject to certain exceptions.

A special tender offer must be extended to all shareholders of a company but the offeror is not required to purchase shares representing more than 5% of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) outstanding shares representing at least 5% of the voting power of the company will be acquired by the offeror and (ii) the number of shares tendered in the offer exceeds the number of shares whose holders objected to the offer (excluding the purchaser, controlling shareholders, holders of 25% or more of the voting rights in the company or any person having a personal interest in the acceptance of the tender offer). If a special tender offer is accepted, then the purchaser or any person or entity controlling it or under common control with the purchaser or such controlling person or entity may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Under the Companies Regulations (Relief for Public Companies whose Shared are Traded on Exchanges outside of Israel), the above requirements for a special tender offer do not apply in instances whereby according to the laws of the foreign jurisdiction there are limitations regarding the acquisition of a controlling interest in the company of any specified portion or the acquisition of a controlling interest of any specified portion necessitates an offer by the potential acquirer of a controlling interest to acquire shares from amongst the publicly traded shares.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Companies Law are met, by a majority vote of each party's shareholders, and, in the case of the target company, a majority vote of each class of its shares, voted on the proposed merger at a shareholders meeting.

The board of directors of a merging company is required pursuant to the Companies Law to discuss and determine whether in its opinion there exists a reasonable concern that, as a result of a proposed merger, the surviving company will not be able to satisfy its obligations towards its creditors, taking into account the financial condition of the merging companies. If the board of directors has determined that such a concern exists, it may not approve a proposed merger. Following the approval of the board of directors of each of the merging companies, the boards of directors must jointly prepare a merger proposal for submission to the Israeli Registrar of Companies.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the votes of shares represented at the shareholders meeting that are held by parties other than the other party to the merger, or by any person (or group of persons acting in concert) who holds (or hold, as the case may be) 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same Special Majority approval that governs all extraordinary transactions with controlling shareholders (as described under "Management—Approval of Related Party Transactions Under Israeli Law—Disclosure of Personal Interests of Controlling Shareholders and Approval of Certain Transactions").

If the transaction would have been approved by the shareholders of a merging company but for the separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the request of holders of at least 25% of the voting rights of a company, if the court holds that the merger is fair and reasonable, taking into account the value of the parties to the merger and the consideration offered to the shareholders of the target company.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger was filed by each party with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party.

Anti-Takeover Measures under Israeli Law

For as long as our securities are traded on the TASE, the Israeli Securities Law does not allow us, being a public company traded on the TASE, to create and issue shares having rights different from those attached to our ordinary shares, including shares providing certain preferred rights with respect to voting, distributions, or other matters and shares having preemptive rights. As of the closing of this offering and for as long as our shares are traded on the TASE, no preferred shares will be authorized under the Israeli Securities Law and our articles of association. The authorization and designation of a class of preferred shares will require an amendment to our articles of association, which requires the prior approval of the holders of a majority of the voting power attaching to our issued and outstanding shares at a general meeting. The convening of the meeting, the shareholders entitled to participate, and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law as described above in "—Voting Rights."

Borrowing Powers

Pursuant to the Companies Law and our articles of association, our board of directors may exercise all powers and take all actions that are not required under law or under our articles of association to be exercised or taken by our shareholders, including the power to borrow money for company purposes.

Changes in Capital

Our articles of association enable us to increase or reduce our share capital. Any such changes are subject to the provisions of the Companies Law and must be approved by a resolution duly passed by our shareholders at a general meeting by voting on such change in the capital. In addition, transactions that have the effect of reducing capital, such as the declaration and payment of dividends in the absence of sufficient retained earnings or profits, require the approval of both our board of directors and an Israeli court.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent shares (or a right to receive shares) deposited with Bank Hapoalim, as custodian for the depositary in Israel. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The depositary's office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either: (i) directly (a) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by having uncertificated ADSs registered in your name; or (ii) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Israeli law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. Directions on how to obtain copies of those documents are provided under "Where You Can Find More Information" on page 185.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See "Taxation—Israeli Tax Considerations" and "Taxation—U.S. Federal Income Tax Consequences." The depositary will distribute only whole U.S. dollars and cents and will round

fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some or all of the value of the distribution.

Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fractional ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses, and to pay taxes or charges that the depositary is obligated to withhold, in connection with that distribution.

Rights to Purchase Additional Shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders, or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair, and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights, or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights, or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs at the depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk, and expense, the depositary will deliver the deposited securities at its corporate trust office, if feasible. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.

How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and will send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders' meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they much reach the depositary by a date set by the depositary. The depositary will try, as far as practicable, subject to the laws of Israel and the provisions of our articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won't be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 30 days in advance of the meeting date.

Fees and Expenses

Persons depositing or withdrawing ordinary shares or ADS holders must pay:	***For:***
$5.00 (or less) per ADSs (or portion of ADSs)	Issuance of ADSs, including issuances resulting from a distribution of ordinary shares or rights or other property; or cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
$0.05 (or less) per ADS	Any cash distribution to ADS holders
A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the ordinary shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to ADS holders
$0.05 (or less) per ADS per calendar year	Depositary services
Registration or transfer fees	Transfer and registration of ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw ordinary shares
Expenses of the depositary	Cable (including SWIFT) and facsimile transmissions (when expressly provided in the deposit agreement); conversion of foreign currency to U.S. dollars
Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or ordinary shares underlying ADSs, such as stock transfer taxes, stamp duty, or withholding taxes	As necessary
Any charges incurred by the depositary or its agents for servicing the deposited securities	As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary, or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as an agent, fiduciary, or broker on behalf of any other person and earns revenue, including, without limitation, fees, and spreads that it will retain for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion will be the most favorable rate that could be obtained at the time or as to the method by which that rate will be determined, subject to its obligations under the deposit agreement.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a sub-division, combination, or other reclassification, or any merger, consolidation, recapitalization, or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADSs in exchange for new ADSs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender or of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery

charges, or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADSs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if:

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist our shares from an exchange on which they were listed and do not list the shares on another exchange;
- we appear to be insolvent or enter insolvency proceedings;
- all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
- there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
- there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

- are only obligated to perform obligations specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if we are, or it is, prevented or delayed by law or circumstances beyond our or its control from performing our or its obligations under the deposit agreement;
- are not liable if we exercise or it exercises discretion permitted under the deposit agreement;

- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential, or punitive damages for any breach of the terms of the deposit agreement;

- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;

- are not liable for the acts or omissions of any securities depository, clearing agency, or settlement system; and

- may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;

- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and

- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying Your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (iii) we are paying a dividend on our shares;

- when you owe money to pay fees, taxes, and similar charges; or

- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-release of ADSs

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depositary may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction

has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (i) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the shares or ADSs to be deposited; (ii) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; and (iii) the depositary must be able to close out the pre-release on not more than five business days' notice. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release (and will not normally exceed 30% of all ADSs outstanding) although the depositary may disregard the limit from time to time if it thinks it is appropriate to do so.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is feature of DRSs that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs; Disclosure of Beneficial Ownership

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

Each ADS holder and each indirect or beneficial owner agrees to comply with any applicable law, including in both the United States and Israel, with regard to the notification to us of the holding or proposed holding of certain interests in shares and the obtaining of certain consents, to the same extent as if such holder or owner were a registered holder or beneficial owner of shares. Each ADS holder and each indirect or beneficial owner agrees to provide all information known to it in response to a request made to provide beneficial ownership information. Each indirect and beneficial owner consents to the disclosure by the ADS holder or any other person through which it holds ADSs, of all information responsive to a request of that kind that is known to that ADS holder or other person.

SHARES ELIGIBLE FOR FUTURE SALE

Upon closing of this offering, we will have outstanding ordinary shares and ADSs (ADSs if the underwriters exercise their over-allotment option). All of the ADSs issued in this offering will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Sales of substantial numbers of the ADSs in the public market could adversely affect prevailing market prices of the ADSs. While the ADSs have been approved to be quoted on the NASDAQ Capital Market, we cannot assure you that a regular trading market will develop in the ADSs. All of the ordinary shares and ADSs held by our existing shareholders upon closing of this offering will be available for sale in the public market after the expiration or waiver of the lock-up agreements described below.

Rule 144

In general, under Rule 144 of the Securities Act (as in effect on the date of this prospectus), beginning 90 days after the date of this prospectus, an "affiliate" who has beneficially owned our shares for a period of at least six months is entitled to sell upon expiration or waiver of the lock-up agreements described below within any three-month period a number of shares that does not exceed the greater of either 1% of the then outstanding ADSs, or approximately immediately after this offering, or the average weekly trading volume of the ADSs on the NASDAQ Capital Market during the four calendar weeks preceding the filing with the SEC of a notice on Form 144 with respect to such sale. Such sales under Rule 144 of the Securities Act are also subject to prescribed requirements relating to the manner of sale, notice, and availability of current public information about us.

Under Rule 144, a person who is not deemed to have been an affiliate of ours at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least six months, including the holding period of any prior holder other than an affiliate, is entitled to sell such shares without restriction, provided we have been in compliance with our reporting requirements under the Exchange Act for the six months following satisfaction of the six-month holding period. To the extent that our affiliates sell their shares, other than pursuant to Rule 144 or a registration statement, the purchaser's holding period for the purpose of effecting a sale under Rule 144 commences on the date of transfer from the affiliate.

Rule 701

In general, under Rule 701 of the Securities Act as in effect on the date of this prospectus, each of our employees, consultants or advisors who acquires our ordinary shares from us in connection with a compensatory share plan or other written agreement executed prior to the closing of this offering is eligible to resell such ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Regulation S

Regulation S provides generally that sales made in offshore transactions are not subject to the registration or prospectus-delivery requirements of the Securities Act.

Lock-up Agreements

For a description of the lock-up agreements that we and our shareholders have entered into in connection with this offering, see "Underwriting."

Form S-8 Registration Statements

Following the completion of this offering, we intend to file one or more registration statements on Form S-8 under the Securities Act to register up to ordinary shares, in the aggregate, issued or reserved for issuance under our equity plans. The registration statement on Form S-8 will become effective automatically upon filing. Ordinary shares issued upon exercise of a share option and registered pursuant to the Form S-8 registration statement will, subject to vesting provisions and Rule 144 volume limitations applicable to our affiliates, be available for sale in the open market immediately unless they are subject to the 180-day lock-up or, if subject to the lock-up, immediately after the 180-day lock-up period expires.

As of June 30, 2016, an aggregate of 45,532,659 ordinary shares were reserved for issuance under our equity plans, all of which options have been granted and are outstanding. Options to purchase 6,757,943 ordinary shares have been exercised, and such shares have been transferred to the beneficiary holders. No options for ordinary shares are currently reserved under our plans for future option grants. Upon the closing of this offering, options held by our directors and executive officers, and holders of 5% and more of our outstanding securities, will be subject to lock-up agreements with the underwriters.

TAXATION

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our ordinary shares and ADSs. You should consult your own tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign, or other taxing jurisdiction.

Israeli Tax Considerations and Government Programs

The following is a brief summary of the material Israeli tax laws applicable to us, and certain Israeli Government programs that benefit us. This section also contains a discussion of material Israeli tax consequences concerning the ownership and disposition of our ordinary shares. This summary does not discuss all the aspects of Israeli tax law that may be relevant to a particular investor in light of his or her personal investment circumstances or to some types of investors subject to special treatment under Israeli law. Examples of such investors include residents of Israel or traders in securities who are subject to special tax regimes not covered in this discussion. To the extent that the discussion is based on new tax legislation that has not yet been subject to judicial or administrative interpretation, we cannot assure you that the appropriate tax authorities or the courts will accept the views expressed in this discussion. The discussion below is subject to change, including due to amendments under Israeli law or changes to the applicable judicial or administrative interpretations of Israeli law, which change could affect the tax consequences described below.

General Corporate Tax Structure in Israel

Israeli resident (as defined below) companies, such as us, are generally subject to corporate tax at the rate of 26.5% as of 2014. However, the effective tax rate payable by a company that derives income from a Preferred Enterprise (as discussed below) may be considerably less. Capital gains derived by an Israeli company are subject to tax at the prevailing corporate tax rate.

Law for the Encouragement of Industry (Taxes), 5729-1969

The Law for the Encouragement of Industry (Taxes), 5729-1969, or the Industry Encouragement Law, provides several tax benefits for "Industrial Companies." As we have not yet generated income, it is uncertain whether we qualify as an Industrial Company within the meaning of the Industry Encouragement Law.

The Industry Encouragement Law defines an "Industrial Company" as a company resident in Israel, of which 90% or more of its income in any tax year, other than income from defense loans, is derived from an "Industrial Enterprise" owned by it. An "Industrial Enterprise" is defined as an enterprise whose principal activity in a given tax year is industrial production.

The following corporate tax benefits, among others, are available to Industrial Companies:

- amortization over an eight-year period of the cost of patents and rights to use a patent and know-how which were purchased in good faith and are used for the development or advancement of the Industrial Enterprise; and
- under certain conditions, an election to file consolidated tax returns with related Israeli Industrial Companies.

There can be no assurance that we currently qualify, or will continue to qualify, as an Industrial Company or that the benefits described above will be available in the future.

Law for the Encouragement of Capital Investments, 5719-1959

The Law for the Encouragement of Capital Investments, 5719-1959, or the Investment Law, currently provides certain tax benefits for income generated by "Preferred Companies" from their "Preferred Enterprises." The definition of a Preferred Company includes, *inter alia,* a company incorporated in Israel that is not wholly owned by a governmental entity, which:

- owns a Preferred Enterprise, which is defined as an "Industrial Enterprise" (as defined under the Investment Law) that is classified as either a "Competitive Enterprise" (as defined under the Investment Law) or a "Competitive Enterprise in the Field of Renewable Energy" (as defined under the Investment Law);
- is controlled and managed from Israel;
- is not a "Family Company," a "Home Company," or a "Kibbutz" (collective community) as defined under the Income Tax Ordinance;
- keeps acceptable books of account and files reports in accordance with the provisions of the Investment Law and the Income Tax Ordinance; and
- was not, and certain officers of which were not, convicted of certain crimes in the 10 years prior to the tax year with respect to which benefits are being claimed.

As of January 1, 2014, a Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to its income derived by its Preferred Enterprise, unless the Preferred Enterprise is located in development area A, in which case the rate will be 9% (our operations are currently not located in development area A).

Dividends paid out of income attributed to a Preferred Enterprise are generally subject to tax at the rate of 20% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, such dividends should be exempt from tax (although, if such dividends are subsequently distributed to individuals or a non-Israeli company, tax at a rate of 20% or such lower rate as may be provided in an applicable tax treaty will apply).

If in the future we generate taxable income, to the extent that we qualify as a "Preferred Company," the benefits provided under the Investment Law could potentially reduce our corporate tax liabilities. Therefore, the termination or substantial reduction of the benefits available under the Investment Law could materially increase our tax liabilities.

The Encouragement of Research, Development and Technological Innovation in the Industry Law 5744

Under the Encouragement of Research, Development and Technological Innovation in the Industry Law 5744-1984, or Innovation Law, research and development programs which meet specified criteria and are approved by a committee of the Office of the Chief Scientist of Israel's Ministry of Economy, or OCS, are eligible for grants. The grants awarded are typically up to 50% of the project's expenditures, as determined by the research committee. The grantee is required to pay royalties to the State of Israel from the sale of products developed under the program. Regulations under the Innovation Law generally provide for the payment of royalties of 3% to 5% on sales of products and services based on technology developed using grants, until 100% of the grant, linked to the dollar and bearing interest at the LIBOR rate, is repaid. The terms of the OCS participation also require that products developed with OCS grants be manufactured in Israel and that the know-how developed thereunder may not be transferred outside of Israel, unless approval is received from the OCS and additional payments are made to the OCS. However, this does not restrict the export of products that incorporate the funded know-how. The royalty repayment ceiling can reach up to three times the amount of the grant received if manufacturing is transferred outside of Israel, and repayment of up to

six times the amount of the grant may be required if the technology itself is transferred outside of Israel.

Taxation of our Shareholders

Capital Gains Tax

Israeli law generally imposes a capital gains tax (i) on the sale of any capital assets by residents of Israel, as defined for Israeli tax purposes, and (ii) on the sale of capital assets located in Israel, including shares of Israeli companies, by non-residents of Israel, unless a specific exemption is available or unless a tax treaty between Israel and the shareholder's country of residence provides otherwise. The law distinguishes between real gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain that is equivalent to the increase of the relevant asset's purchase price which is attributable to the increase in the Israeli consumer price index or a foreign currency exchange rate between the date of purchase and the date of sale. The real gain is the excess of the total capital gain over the inflationary surplus.

Israeli Residents

Generally, as of January 1, 2012, the tax rate applicable to real capital gains derived from the sale of shares, whether listed on a stock market or not, is 25% for Israeli individuals, unless such shareholder claims a deduction for financing expenses in connection with such shares, in which case the gain will generally be taxed at a rate of 30%. Additionally, if such shareholder is considered a "substantial shareholder" at the time of the sale or at any time during the 12-month period preceding such sale, the tax rate will be 30%. A "substantial shareholder" is defined as one who holds, directly or indirectly, alone or "together with another" (i.e., together with a relative, or together with someone who is not a relative but with whom, according to an agreement, there is regular cooperation in material matters of the company, directly or indirectly), holds, directly or indirectly, at least 10% of any of the "means of control" in the company. "Means of control" generally include the right to vote, receive profits, nominate a director or an executive officer, receive assets upon liquidation, or instruct someone who holds any of the aforementioned rights regarding the manner in which such rights are to be exercised. However, different tax rates will apply to dealers in securities and shareholders who acquired their shares prior to the company's initial public offering. Israeli companies are subject to capital gains tax at the regular corporate tax rate (i.e., currently 26.5%) on real capital gains derived from the sale of listed shares.

As of January 1, 2013, Israeli resident shareholders who are individuals with taxable income that exceeds NIS 800,000 in a tax year (linked to the Israeli consumer price index each year) will be subject to an additional tax at the rate of 2% on the portion of their taxable income for such tax year that is in excess of NIS 800,000 (linked to the Israeli consumer price index each year). For this purpose, taxable income includes taxable capital gains from the sale of our shares and taxable income from dividend distributions.

In some instances where our shareholders are liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source.

Non-Israeli Residents

A non-Israeli resident who derives capital gains from the sale of shares in an Israeli resident company that were purchased after the company was listed for trading on a stock exchange outside of Israel will be exempt from Israeli tax so long as the shares were not held through a permanent establishment that the non-resident maintains in Israel. However, non-Israeli resident corporations will not be entitled to the foregoing exemption if (i) an Israeli resident has a controlling interest, directly or indirectly, alone, "together with another" (as defined above), or together with another Israeli resident,

of more than 25% in one or more of the "means of control" (as defined above) in such non-Israeli resident corporation, or (ii) Israeli residents are the beneficiaries of, or are entitled to, 25% or more of the revenues or profits of such non-Israeli resident corporation, whether directly or indirectly.

In addition, a sale of securities by a non-Israeli resident may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, pursuant to the provisions of the Convention between the Government of the United States of America and the Government of the State of Israel with respect to Taxes on Income, as amended, or the U.S.-Israel Tax Treaty, capital gains arising from the sale, exchange or disposition of our ordinary shares by (i) a person who qualifies as a resident of the United States within the meaning of the U.S.-Israel Tax Treaty, (ii) who holds the shares as a capital asset, and (iii) who is entitled to claim the benefits afforded to such person by the U.S.-Israel Tax Treaty generally is generally exempt from Israeli capital gains tax. Such exemption will not apply if: (i) such person holds, directly or indirectly, shares representing 10% or more of our voting power during any part of the 12-month period preceding such sale, exchange, or disposition, subject to particular conditions; (ii) the capital gains from such sale, exchange, or disposition are attributable to a permanent establishment in Israel; or (iii) such person is an individual and was present in Israel for 183 days or more during the relevant tax year. In such case, the capital gain arising from the sale, exchange, or disposition of our ordinary shares would be subject to Israeli tax, to the extent applicable; however, under the U.S.-Israel Tax Treaty, the taxpayer may be permitted to claim a credit for such taxes against the U.S. federal income tax imposed with respect to such sale, exchange, or disposition, subject to the limitations under U.S. law applicable to foreign tax credits. The U.S.-Israel Tax Treaty does not relate to U.S. state or local taxes.

It should be noted that in the event that the real capital gain realized by an individual shareholder is not exempt from tax in Israel, an additional 2% tax might be applicable if certain conditions are met.

In some instances where our shareholders may be liable for Israeli tax on the sale of their ordinary shares, the payment of the consideration may be subject to the withholding of Israeli tax at source. Shareholders may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale.

Taxation of Dividend Distributions

Israeli Residents

Israeli resident individuals are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares, other than bonus shares (share dividends). As of January 1, 2012, the tax rate applicable to such dividends is generally 25%. With respect to a person who is a "substantial shareholder" (as defined above) at the time the dividend is received or at any time during the preceding 12-month period, the applicable tax rate is 30%. Dividends paid from income derived from Preferred Enterprises accrued following December 31, 2013 will be subject to income tax at a rate of 20%.

As of January 1, 2013, Israeli resident shareholders who are individuals with taxable income that exceeds NIS 800,000 in a tax year (linked to the Israeli consumer price index each year) will be subject to an additional tax at the rate of 2% on the portion of their taxable income for such tax year that is in excess of NIS 800,000 (linked to the Israeli consumer price index each year). For this purpose, taxable income includes taxable capital gains from the sale of our shares and taxable income from dividend distributions.

Dividends paid to an Israeli resident individual shareholder on our ordinary shares will generally be subject to withholding tax at the rates corresponding with the income tax rates detailed above unless we are provided in advance with a withholding tax certificate issued by the Israel Tax Authority stipulating a different rate.

Notwithstanding the above, dividends paid to an Israeli resident "substantial shareholder" (as defined above) on publicly traded shares, like our ordinary shares, which are held via a "nominee company" (as defined under the Israeli Securities Law) are generally subject to Israeli withholding tax at a rate of 25%, unless a different rate is provided under an applicable tax treaty, provided that a certificate from the Israel Tax Authority allowing for a reduced withholding tax rate is obtained in advance. That said, in the event that such dividends paid to a "substantial shareholder" are sourced from regular earnings (i.e., not from Preferred Enterprise earnings) and a 25% withholding tax rate is applied, the "substantial shareholder" in question is generally required to file an Israeli tax return for the tax year in which the distribution was executed. Within the framework of such return, the dividend income shall be reported and pursuant thereto an additional tax liability in the amount of 5% of the gross dividend (for an overall income tax rate of 30%) should be paid.

If the dividend is attributable partly to income derived from a Preferred Enterprise and partly to other sources of income, the tax rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that are being distributed in a way that will reduce shareholders' tax liability.

Israeli resident companies are generally exempt from tax on the receipt of dividends paid on our ordinary shares.

Non-Israeli Residents

Unless relief is provided in a treaty between Israel and the shareholder's country of residence, non-Israeli residents are generally subject to Israeli income tax on the receipt of dividends paid on our ordinary shares at the rate of 25%. With respect to a person (including a corporation) who is a "substantial shareholder" (as defined above) at the time of receiving the dividend or at any time during the preceding 12-month period, absent treaty relief as mentioned above, the applicable Israeli income tax rate is 30%. Notwithstanding the above, dividends paid from income derived from Preferred Enterprises accrued following December 31, 2013 will be subject to Israeli income tax at a rate of 20%.

In this regard, dividends paid to a non-Israeli resident shareholder on our ordinary shares will generally be subject to withholding tax at the rates corresponding with the income tax rates detailed above unless we are provided in advance with a withholding tax certificate issued by the Israel Tax Authority stipulating a different rate (e.g., in accordance with the provisions of an applicable tax treaty).

Notwithstanding the above, dividends paid to a non-Israeli resident "substantial shareholder" (as defined above) on publicly traded shares, like our ordinary shares, which are held via a "nominee company" (as defined under the Israeli Securities Law) are generally subject to Israeli withholding tax at a rate of 25%, unless a different rate is provided under an applicable tax treaty, provided that a certificate from the Israel Tax Authority allowing for a reduced withholding tax rate is obtained in advance. That said, in the event that such dividends paid to a "substantial shareholder" are sourced from regular earnings (i.e., not from Preferred Enterprise earnings) and a 25% withholding tax rate is applied, the "substantial shareholder" in question is generally required to file an Israeli tax return for the tax year in which the distribution was executed. Within the framework of such return, the dividend income shall be reported and pursuant thereto an additional tax liability in the amount of 5% of the gross dividend (for an overall income tax rate of 30%) should be paid.

In addition, it should be noted that an additional 2% tax might be applicable to individual shareholders if certain conditions are met.

Under the U.S.-Israel Tax Treaty, the maximum Israeli tax on dividends paid to a holder of ordinary shares who qualifies as a resident of the United States within the meaning of the U.S.-Israel Tax Treaty is 25%. Such tax rate is generally reduced to 12.5% if: (i) the shareholder is a U.S.

corporation and holds at least 10% of the outstanding shares of our voting stock during the part of our tax year that precedes the date of payment of the dividends and during the whole of our prior tax year; (ii) not more than 25% of our gross income in the tax year preceding the payment of the dividends consists of interest or dividends, other than dividends or interest received from subsidiary corporations 50% or more of the outstanding shares of voting stock of which is owned by us at the time such dividends or interest are received by us; and (iii) the dividends are not sourced from income derived during a period for which we were entitled to the reduced tax rate applicable to a Preferred Enterprise under the Investment Law. If the dividends are sourced from income derived during a period for which we are entitled to the reduced tax rate applicable to a Preferred Enterprise under the Investment Law, to the extent that the first two conditions detailed above are met, the Israeli tax rate applicable to such dividends should be 15%.

If the dividend is attributable partly to income derived from a Preferred Enterprise and partly to other sources of income, the tax rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that are being distributed in a way that will reduce shareholders' tax liability.

Estate and gift tax

Israeli law presently does not impose estate or gift taxes.

Material U.S. Federal Income Tax Consequences

The following summary describes certain material U.S. federal income tax consequences relating to an investment in the ADSs and ordinary shares. This summary deals only with ADSs and ordinary shares that are purchased pursuant to the offering and that are held as capital assets within the meaning of section 1221 of the U.S. Internal Revenue Code of 1986, as amended, or the Code, and does not address tax considerations of holders that may be subject to special tax rules, such as dealers or traders in securities or currencies, financial institutions, tax-exempt organizations, insurance companies, regulated investment companies, real estate investment trusts, individual retirement and tax-deferred accounts, persons holding ADSs or ordinary shares as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, persons subject to the alternative minimum tax, or persons who have a functional currency other than the U.S. dollar. In addition, this discussion does not address the tax treatment of U.S. holders (as defined below) who own, directly, indirectly, or constructively, 10% or more of our outstanding voting stock. The summary sets forth below relating to U.S. holders (as defined below) is applicable only to such U.S. holders (i) who are residents of the United States for purposes of the United States-Israel Tax Treaty, (ii) whose ordinary shares or ADSs are not, for purposes of the United States-Israel Tax Treaty, effectively connected with or attributable to a permanent establishment in Israel, and (iii) who otherwise qualify for the full benefits of the United States-Israel Tax Treaty. The discussion below is based upon the Code, existing and proposed Treasury regulations promulgated thereunder, and applicable administrative rulings and judicial decisions now in effect, all of which are subject to change, possibly on a retroactive basis, so as to result in U.S. federal income tax consequences different from those discussed below. In addition, this summary does not consider the possible application of U.S. federal gift or estate taxes or any aspect of state, local, or non-U.S. tax laws. Furthermore, we can provide no assurance that the tax consequences contained in this summary will not be challenged by the Internal Revenue Service or will be sustained in a court if challenged.

As used in this summary the term "U.S. holder" means a beneficial owner of ADSs or ordinary shares that is, for U.S. federal income tax purposes: (i) an individual citizen or resident of the United States, (ii) a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or

(iv) a trust if either (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) the trust has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person. Except to the limited extent discussed below, this summary does not consider the U.S. federal tax considerations to a person that is not a U.S. holder (a "non-U.S. holder"). In addition, the tax treatment of persons who hold ADSs or ordinary shares through a partnership or other pass-through entity treated as a partnership for U.S. federal income tax purposes generally depends upon the status of the partner and the activities of the partnership. The tax consequences to such a partner or partnership are not considered in this summary and partners and partnerships should consult their tax advisors with respect to the U.S. federal tax consequences of investing in the ADSs or ordinary shares.

This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in light of its circumstances. Prospective purchasers of the ADSs or ordinary shares should consult their own tax advisors with respect to the specific U.S. federal income tax consequences to such person of purchasing, holding, or disposing of the ADSs or ordinary shares, as well as the effect of any state, local, or other tax laws.

ADSs

If you hold ADSs, for U.S. federal income tax purposes, you generally will be treated as the owner of the underlying ordinary shares that are represented by such ADSs. Accordingly, deposits or withdrawals of ordinary shares for ADSs will not be subject to U.S. federal income tax.

Distributions on ADSs

Subject to the discussion under the heading "Passive Foreign Investment Company Consequences," U.S. holders are required to include in gross income the amount of any distribution paid on ordinary shares to the extent the distribution is paid out of our current and accumulated earnings and profits, as determined for U.S. federal income tax purposes. To the extent a distribution paid with respect to our ordinary shares exceeds our current and accumulated earnings and profits, such amount will be treated first as a non-taxable return of capital, reducing a U.S. holder's tax basis for the ordinary shares to the extent thereof, and thereafter as either long-term or short-term capital gain depending upon whether the U.S. holder has held our ordinary shares for more than one year as of the time such distribution is received. Preferential tax rates for long-term capital gains are applicable for U.S. holders that are individuals, estates, or trusts. However, we do not expect to maintain calculations of our earnings and profits under United States federal income tax principles. Therefore, U.S. holders should expect that the entire amount of any distribution generally will be reported as dividend income. The amount of the dividend will generally be treated as foreign-source dividend income to U.S. holders. A non-corporate U.S. holder that meets certain eligibility requirements may qualify for a lower rate of U.S. federal income taxation on dividends paid if we are a "qualified foreign corporation" for U.S. federal income tax purposes. We generally will be treated as a qualified foreign corporation if we are not a passive foreign investment company (see discussion below), and (i) we are eligible for benefits under the United States-Israel income tax treaty or (ii) our ordinary shares are listed on an established securities market in the United States (which includes the NASDAQ Capital Market). Because we expect to be classified as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes, we believe that we currently would not be treated as a qualified foreign corporation. In addition, a non-corporate U.S. holder will not be eligible for a reduced U.S. federal income tax rate with respect to dividend distributions on ordinary shares if (a) such U.S. holder has not held the ordinary shares for at least 61 days during the 121-day period starting on the date which is 60 days before, and ending 60 days after the ex-dividend date, (b) to the extent the U.S. holder is under an obligation to make related payments on substantially similar or related property, or (c) with respect to any portion of a

dividend that is taken into account by the U.S. holder as investment income under Section 163(d)(4)(B) of the Code. Any days during which the U.S. holder has diminished its risk of loss with respect to ordinary shares (for example, by holding an option to sell the ordinary shares) are not counted towards meeting the 61-day holding period. Non-corporate U.S. holders should consult their own tax advisors concerning whether dividends received by them qualify for the reduced rate of tax.

Non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year. Corporate U.S. holders will not be allowed a deduction for dividends received from us.

The amount of a distribution with respect to our ordinary shares equals the amount of cash and the fair market value of any property distributed plus the amount of any Israeli taxes withheld therefrom. The amount of any cash distributions paid in NIS equals the U.S. dollar value of the NIS on the date of distribution based upon the exchange rate in effect on such date, regardless of whether the NIS are converted into U.S. dollars at that time, and U.S. holders who include such distribution in income on such date will have a tax basis in such NIS for U.S. federal income tax purposes equal to such U.S. dollar value. If the dividend is converted to U.S. dollars on the date of receipt, a U.S. holder generally will not recognize a foreign currency gain or loss. However, if the U.S. holder converts the NIS into U.S. dollars on a later date, the U.S. holder must include, in computing its income, any gain or loss resulting from any exchange rate fluctuations. The gain or loss will be equal to the difference between (i) the U.S. dollar value of the amount included in income when the dividend was received and (ii) the amount received on the conversion of the NIS into U.S. dollars. Such gain or loss will generally be ordinary income or loss and United States source income for U.S. foreign tax credit purposes. U.S. holders should consult their own tax advisors regarding the tax consequences to them if we pay dividends in NIS or any other non-U.S. currency.

Subject to certain significant conditions and limitations, including potential limitations under the U.S.-Israel Tax Treaty, U.S. holders may be entitled to a credit against their U.S. federal income tax liability or a deduction against U.S. federal taxable income in an amount equal to the Israeli tax withheld on distributions on our ordinary shares. U.S. holders should consult their own tax advisors to determine whether and to what extent they would be entitled to such credit. Distributions paid on our ordinary shares will generally be treated as passive income that is foreign source for U.S. foreign tax credit purposes, which may be relevant in calculating a U.S. holder's foreign tax credit limitation.

Disposition of ADSs

Subject to the discussion under the heading "Passive Foreign Investment Company Consequences," upon the sale, exchange or other disposition of ADSs, a U.S. holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's adjusted tax basis in the ADSs. The adjusted tax basis in an ADS generally will be equal to the cost of such ADS. The capital gain or loss realized on the sale, exchange, or other disposition of ADSs will be long-term capital gain or loss if the U.S. holder held the ADSs for more than one year as of the time of disposition. Preferential tax rates for long-term capital gain will generally apply to non-corporate U.S. holders. Any gain or loss realized by a U.S. holder on the sale, exchange, or other disposition of ADSs generally will be treated as from sources within the United States for U.S. foreign tax credit purposes, except for certain losses which will be treated as foreign source to the extent certain dividends were received (or certain inclusion amounts were taken into account) by the U.S. holder within the 24-month period preceding the date on which the U.S. holder recognized the loss. The deductibility of capital losses for U.S. federal income tax purposes is subject to limitations.

Disclosure of Reportable Transactions

If a U.S. holder sells or disposes of the ADSs at a loss or otherwise incurs certain losses that meet certain thresholds, such U.S. holder may be required to file a disclosure statement with the Internal Revenue Service, or the IRS. Failure to comply with these and other reporting requirements could result in the imposition of significant penalties.

Passive Foreign Investment Company Consequences

Generally, a non-U.S. corporation will be a PFIC for U.S. federal income tax purposes in any taxable year in which either (i) 75% or more of its gross income for such year consists of certain types of "passive" income or (ii) 50% or more of the average fair market value of its assets during such year (based on quarterly valuations) produce or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, rents, royalties, annuities, income from certain commodities transactions and from notional principal contracts, and the excess of gains over losses from the disposition of assets that produce passive income. Passive income also includes amounts derived by reason of the temporary investment of funds, including those raised in a public offering. Assets that produce or are held for the production of passive income include cash, even if held as working capital or raised in a public offering, marketable securities, and other assets that may produce passive income. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account.

A foreign corporation's PFIC status is an annual determination that is based on tests that are factual in nature, and our PFIC status for any year will depend on the composition of our income, fair market value of our assets, and our activities for such year. Because we had no revenue-producing operations to date, we believe that we were a PFIC for our 2015 taxable year. Unless and until we generate sufficient revenue from sales and other non-passive sources and otherwise satisfy the asset test above, we expect to be treated as a PFIC. Because the PFIC determination is highly fact intensive, there can be no assurance that we will not be a PFIC in 2016 or any other year. Even if we determine that we are not a PFIC after the close of a taxable year, there can be no assurance that the IRS or a court will agree with our conclusion.

If we were a PFIC for any taxable year during which a U.S. holder held ADSs, then unless an election has been made by a U.S. holder to be taxed under one of the alternative regimes discussed below, gain recognized by a U.S. holder on a sale or other disposition (including certain pledges) of the ADSs would be allocated ratably over the U.S. holder's holding period for the ADSs. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the amount allocated to that taxable year. Similar rules would apply to any distribution with respect to the ADSs in excess of 125% of the average of the annual distributions received by a U.S. holder during the preceding three years or such U.S. holder's holding period, whichever is shorter. In addition, non-corporate U.S. holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

If we are a PFIC for any taxable year during which you hold the ADSs and our non-United States subsidiary is also a PFIC, a U.S. holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. holders are urged to consult their tax advisors about the application of the PFIC rules to our subsidiary.

If we are treated as a PFIC for any taxable year during the holding period of a non-electing U.S. holder (i.e., a U.S. holder that does not elect to be taxed under one of the alternative regimes

discussed below), we will continue to be treated as a PFIC for all succeeding years during which such non-electing U.S. holder is treated as a direct or indirect holder even if we are not a PFIC for such years. A U.S. holder is encouraged to consult its tax advisor with respect to any available elections that may be applicable in such a situation, including the "deemed sale" election of Section 1298(b)(1) of the Code.

Notwithstanding the default PFIC rules described in the preceding paragraphs, certain elections may be available that would result in alternative tax consequences; i.e., the "qualified electing fund" or "QEF" election and the "mark to market" election. If a U.S. holder makes a timely and valid mark-to-market election, the U.S. holder generally will recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). The U.S. holder's tax basis in the ADSs will be adjusted to reflect the income or loss resulting from the mark-to-market election. Any gain recognized on the sale or other disposition of ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election and any loss in excess of such amount will be treated as capital loss). The mark-to-market election is available only if we are a PFIC and the ADSs are "regularly traded" on a "qualified exchange" within the meaning of applicable U.S. Treasury regulations. The ADSs will be treated as "regularly traded" in any calendar year in which more than a de minimis quantity of the ADSs are traded on a qualified exchange on at least 15 days during each calendar quarter. Although the IRS has not published any authority identifying specific exchanges that may constitute "qualified exchanges," Treasury Regulations provide that a qualified exchange is (i) a U.S. securities exchange that is registered with the Securities and Exchange Commission, (ii) the U.S. market system established pursuant to section 11A of the Securities and Exchange Act of 1934, or (iii) a non-U.S. securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located, provided that: (a) such non-U.S. exchange has trading volume, listing, financial disclosure, surveillance, and other requirements designed to prevent fraudulent and manipulative acts and practices, to remove impediments to and perfect the mechanism of a free and open, fair and orderly, market, and to protect investors, and the laws of the country in which such non-U.S. exchange is located and the rules of such non-U.S. exchange ensure that such requirements are actually enforced; and (b) the rules of such non-U.S. exchange effectively promote active trading of listed shares. No assurance can be given that the ADSs will meet the requirements to be treated as "regularly traded" for purposes of the mark-to-market election. The NASDAQ Capital Market is a qualified exchange for this purpose and, consequently, if the ADSs are regularly traded, the mark-to-market election will be available to a U.S. holder. Our ordinary shares currently trade on the Tel Aviv Stock Exchange, which must meet the requirements described above in order to allow for a mark-to-market election with respect to our ordinary shares. A mark-to-market election will not apply to ADSs held by a U.S. holder for any taxable year during which we are not a PFIC, but will remain in effect with respect to any subsequent taxable year in which we become a PFIC unless the ADSs are no longer regularly traded on a qualified exchange or the IRS consents to the revocation of the election. Such election will not apply to any PFIC subsidiary that we own. Each U.S. holder is encouraged to consult its own tax advisor with respect to the availability and tax consequences of a mark-to-market election with respect to the ADSs.

Another way in which certain of the adverse consequences of PFIC status can be mitigated is for a U.S. holder to make a QEF election. Generally, a shareholder making the QEF election is required for each taxable year to include in income a pro rata share of the ordinary earnings and net capital gain of the QEF, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. An election to treat us as a QEF will not be available if we do not provide the information necessary to make such an election. We are not obligated and do not currently intend to

provide the information necessary to make a QEF election and thus it is not expected that a QEF election will be available for U.S. holders of the ADSs if we were a PFIC in any prior year, the current year or any future year.

U.S. holders should consult their tax advisors to determine under what circumstances these elections would be available and, if available, what the consequences of the alternative treatments would be in their particular circumstances.

If a U.S. holder holds ADSs in any year in which we are treated as a PFIC, the U.S. holder will be required to file Internal Revenue Service Form 8621 and may be subject to certain other information reporting requirements.

The U.S. federal income tax rules relating to PFICs are complex. Prospective U.S. holders are urged to consult their own tax advisors with respect to the consequences to them of an investment in a PFIC, any elections available with respect to the ADSs or ordinary shares and the IRS information reporting obligations with respect to the purchase, ownership, and disposition of the ADSs or ordinary shares in the event we are determined to be a PFIC.

Medicare Tax on Investment Income

In addition to the income taxes described above, U.S. holders that are individuals, estates, or trusts and whose income exceeds certain thresholds will be subject to a 3.8% tax on all or a portion of their "net investment income," which generally results from dividends and dispositions of ADSs. U.S. holders should consult their tax advisors with respect to the applicability of the 3.8% Medicare tax to their income and gains, if any, resulting from their investment in the ADSs.

Information Reporting and Backup Withholding

A U.S. holder may be subject to backup withholding and information reporting requirements with respect to cash distributions and proceeds from a disposition of ADSs or ordinary shares. In general, backup withholding will apply only if a U.S. holder fails to comply with certain identification procedures. Information reporting and backup withholding will not apply with respect to payments made to certain exempt recipients, such as corporations and tax-exempt organizations. Backup withholding is not an additional tax and may be claimed as a credit against the U.S. federal income tax liability of a U.S. holder, provided that the required information is furnished to the Internal Revenue Service.

Tax Reporting

Certain U.S. holders will be required to file an IRS Form 926 (Return by a U.S. Transferor of Property to a Foreign Corporation) to report a transfer of cash or other property to us. Substantial penalties may be imposed on a U.S. holder that fails to comply with this reporting requirement. Each U.S. holder is urged to consult with its own tax advisor regarding this reporting obligation.

Foreign Asset Reporting

Certain U.S. holders who are individuals may be required to report information relating to an interest in the ADSs or ordinary shares, subject to certain exceptions. For example, individuals that own "specified foreign financial assets" with an aggregate value in excess of $50,000 are generally required to file Form 8938 with respect to such assets with their tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-U.S. persons; (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties; and (iii) interests in foreign entities. Certain domestic entities

that are U.S. holders may also be required to file Form 8938 in the near future. In addition, a U.S. holder should consider the possible obligation to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts, as a result of holding ADSs or ordinary shares. U.S. holders are urged to consult their tax advisors regarding the application of these and other reporting requirements that may apply to their ownership of ADSs or ordinary shares.

Non-U.S. Holders of Ordinary Shares

Except as provided below, a non-U.S. holder of ordinary shares or ADSs generally will not be subject to U.S. income or withholding tax on the payment of dividends on and the proceeds from the disposition of ADSs or ordinary shares.

A non-U.S. holder may be subject to U.S. federal income tax on dividends received on ADSs or ordinary shares or upon the receipt of income from the disposition of ADSs or ordinary shares if: (i) such income is effectively connected with the conduct by the non-U.S. holder of a trade or business in the United States or, in the case of a resident of a country which has an applicable income tax treaty with the United States, such item is attributable to a permanent establishment or a fixed place of business of the non-U.S. holder in the United States; (ii) with respect to a U.S. holder that is an individual, the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met; or (iii) the non-U.S. holder is subject to tax pursuant to the provisions of the U.S. tax laws applicable to U.S. expatriates.

Payments to non-U.S. holders of distributions on, or proceeds from the disposition of, ADSs or ordinary shares are generally exempt from information reporting and backup withholding. However, a non-U.S. holder may be required, under certain circumstances, to establish that exemption by providing certification of non-U.S. status on an appropriate IRS Form W-8.

Backup withholding is not an additional tax

The amount of any backup withholding from a payment to a non-U.S. holder may be claimed as a credit against such holder's U.S. federal income tax liability, provided that the required information is furnished to the Internal Revenue Service.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY AND IS NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE ADSs OR ORDINARY SHARES. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PROSPECTIVE INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT RELATING TO THE PURCHASE, OWNERSHIP, AND DISPOSITION OF ADSs OR ORDINARY SHARES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.

UNDERWRITING

Ladenburg Thalmann & Co. Inc. is acting as book-running manager of the offering and the representative of the underwriters. Under the terms and subject to the terms and conditions set forth in an underwriting agreement, the underwriters named below have agreed, severally and not jointly, to purchase, and we have agreed to sell to them, the number of ADSs set forth opposite their name below.

Underwriter	Number of ADSs
Ladenburg Thalmann & Co. Inc.	
Brean Capital, LLC	
Total	

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the ADSs sold under the underwriting agreement if any of these ADSs are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

The underwriters are offering the ADSs, subject to prior sale, when, as, and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the ADSs, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel, or modify offers to the public and to reject orders in whole or in part.

Discounts and Commissions

The underwriters propose initially to offer the ADSs to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of $ per ADS. After the initial offering of the ADSs, the public offering price and other selling terms may be changed by the representative.

The following table shows the underwriting discounts and commissions payable to the underwriters by us in connection with this offering (assuming both the exercise and non-exercise of the over-allotment option to purchase additional ADSs we have granted to the underwriters):

	Per ADS		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Public offering price	$	$		
Underwriting discounts and commissions paid by us	$	$		

We have also agreed to reimburse Ladenburg Thalmann & Co. Inc. for legal expenses relating to this offering in an amount of up to $.

The expenses of the offering, not including the underwriting discounts and commissions, are estimated at and are payable by us.

Option to Purchase Additional ADSs

We have granted the underwriters an option to purchase up to additional ADSs at the public offering price, less underwriting discounts and commissions. The underwriters may exercise this option for 30 days from the date of this prospectus solely to cover sales of ADSs by the underwriters in

excess of the total number of ADSs set forth in the table above. If any ADSs are purchased pursuant to this over-allotment option, the underwriters will purchase the additional ADSs in approximately the same proportions as shown in the table above. If any of these additional ADSs are purchased, the underwriters will offer the additional ADSs on the same terms as those on which the ADSs are being offered. We will pay the expenses associated with the exercise of the over-allotment option.

Lock-Up Agreements

We, all of our directors and senior management, and holders of 5% and more of our outstanding securities have agreed that, for a period of 180 days after the date of this prospectus, or the lock-up period, subject to certain limited exceptions, we and they will not directly or indirectly, without the prior written consent of the representatives of the underwriters: (i) offer for sale, sell, pledge, or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any ADSs or ordinary shares (including, without limitation, ADSs or ordinary shares that may be deemed to be beneficially owned by us or them in accordance with the rules and regulations of the SEC and ADSs or ordinary shares that may be issued upon exercise of any options or warrants) or securities convertible into or exercisable or exchangeable for ADSs or ordinary shares; (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of ADSs or ordinary shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of ADSs, ordinary shares, or other securities, in cash or otherwise; (iii) make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any ADSs, ordinary shares or securities convertible into or exercisable or exchangeable for ADSs, ordinary shares or any of our other securities; or (iv) publicly disclose the intention to do any of the foregoing.

The representative of the underwriters may release the ADSs, ordinary shares, and other securities subject to the lock-up agreements described above in whole or in part at any time. When determining whether or not to release ADSs, ordinary shares and other securities from lock-up agreements, the representative of the underwriters will consider, among other factors, the holder's reasons for requesting the release, the number of ADSs, ordinary shares, and other securities for which the release is being requested, and market conditions at the time.

At least three business days before the effectiveness of any release or waiver of any of the restrictions described above with respect to an officer or director of the Company, the representative of the underwriters will notify us of the impending release or waiver and we have agreed to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver.

Indemnification

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization, Short Positions and Penalty Bids

In order to facilitate the offering of the ADSs, the underwriters may engage in transactions that stabilize, maintain, or otherwise affect the price of the ADSs. In connection with the offering, the underwriters may purchase and sell the ADSs in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales, and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not

greater than the underwriters' option to purchase additional ADSs in the offering. The underwriters may close out any covered short position by either exercising their over-allotment option or purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase ADSs through the over-allotment option. "Naked" short sales are sales in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of ADSs made by the underwriters in the open market prior to the completion of the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs. As result, the price of the ADSs may be higher than the price that might otherwise exist in the open market.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the ADSs, including the imposition of penalty bids. This means that if the representative of the underwriters purchases ADSs in the open market in stabilizing transactions or to cover short sales, the representative can require the underwriters that sold those ADSs as part of this offering to repay the underwriting discount received by them.

The underwriters make no representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the ADSs. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Listing on the NASDAQ Capital Market

We have applied to list the ADSs on the NASDAQ Capital Market, under the symbol "CLGN." Our ordinary shares currently trade on the Tel Aviv Stock Exchange, or TASE, under the symbol "CLPT," and the ADSs currently quoted on the OTCQX marketplace, or OTCQX, under the symbol "CQPTY." Assuming that the ADSs are listed for trading on the NASDAQ Capital Market, the quoting of the ADSs on OTCQX will be discontinued prior to the completion of this offering.

Electronic Offer, Sale, and Distribution

A prospectus in electronic format may be made available on the websites maintained by one or more underwriters or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of ADSs to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to the underwriters and selling group members that may make Internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' websites and any information contained in any other website maintained by the underwriters is not part of this prospectus or the registration statement of which this prospectus forms a part.

Other Relationships

From time to time, certain of the underwriters and their affiliates have provided, and may provide in the future, certain financial advisory, investment banking, and other services in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, the underwriters and their affiliates may effect

transactions for their own account or the accounts of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Notice to Non-U.S. Investors

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Australia

This prospectus is not a disclosure document under Chapter 6D of the Australian Corporations Act, has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the securities under this prospectus is only made to persons to whom it is lawful to offer the securities without disclosure under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in section 708 of the Australian Corporations Act, (ii) this prospectus is made available in Australia only to those persons as set forth in clause (i) above, and (iii) the offeree must be sent a notice stating in substance that by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and, unless permitted under the Australian Corporations Act, agrees not to sell or offer for sale within Australia any of the securities sold to the offeree within 12 months after its transfer for the offeree under this prospectus.

China

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan). The securities may not be offered or sold directly or indirectly in the People's Republic of China to legal or natural persons other than directly to "qualified domestic institutional investors."

European Economic Area—Belgium, Germany, Luxembourg, and Netherlands

The information in this document has been prepared on the basis that all offers of securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

(a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of: (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements); and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

(c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company or any underwriter for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Such offers, sales, and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1, and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1, and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1, and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The securities have not been offered or sold, and will not be offered, sold, or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Israel

This document does not constitute a public offering or selling or a solicitation of an offer to sell any kind of securities under the Israeli Securities Law. This document does not constitute a prospectus under the Israeli Securities Law and has not been filed with or approved by the Israel Securities

Authority. Any public offering in Israel requires a pre-approved permit by the Israel Securities Authority or an exemption thereof. In Israel, this document is being distributed only to, and is directed only at the types of, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of a fund for joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, entities with equity in excess of NIS 50.0 million, and "qualified individuals," each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors. Qualified investors may be required to submit written confirmation that they fall within the scope of the Addendum.

Italy

The offering of the securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB," pursuant to the Italian securities legislation and, accordingly, no offering material relating to the securities may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

- to Italian qualified investors, as defined in Article 100 of Decree no. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation No. 1197l") as amended ("Qualified Investors"); and

- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the securities or distribution of any offer document relating to the securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks, or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and

- in compliance with all relevant Italian securities, tax, and exchange controls and any other applicable laws.

Any subsequent distribution of the securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

Japan

The securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and

acquisition by any such person of securities is conditional upon the execution of an agreement to that effect.

Portugal

This document is not being distributed in the context of a public offer of financial securities (oferta pública de valores mobiliários) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (Código dos Valores Mobiliários). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the securities have not been, and will not be, submitted to the Portuguese Securities Market Commission (Comissã do Mercado de Valores Mobiliários) for approval in Portugal and, accordingly, may not be distributed or caused to distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of securities in Portugal are limited to persons who are "qualified investors" (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the securities be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of securities in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering material relating to the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority.

This document is personal to the recipient only and not for general circulation in Switzerland.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the securities. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7)

of FSMA) in the United Kingdom, and the securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA.

This document should not be distributed, published, or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49 (2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO, or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer, or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

EXPENSES RELATED TO THIS OFFERING

We estimate that the total expenses of this offering payable by us, excluding the underwriting discounts and commissions, will be approximately $, as follows:

SEC registration fee	*
FINRA filing fee	*
NASDAQ listing fee	*
Printing and engraving expenses	*
Transfer agent fees and expenses	*
Legal fees and expenses	*
Data room and diligence expenses	*
Accounting fees and expenses	*
Miscellaneous	*
Total	*

* To be completed by amendment

LEGAL MATTERS

The validity of our ordinary shares and certain matters governed by Israeli law will be passed on for us by Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co., Tel Aviv, Israel, our Israeli counsel. The validity of the ADSs and certain other matters governed by U.S. federal and New York state law will be passed on for us by McDermott Will & Emery LLP, New York, New York, our U.S. counsel. Certain legal matters in connection with this offering will be passed on for the underwriters by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, New York.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated under the laws of the State of Israel. Service of process upon us and upon our directors and officers and the Israeli experts named in this registration statement, a substantial majority of whom reside outside of the United States, may be difficult to obtain within the United States. Furthermore, because substantially all of our assets and a substantial majority of our directors and officers are located outside of the United States, any judgment obtained in the United States against us or any of our directors and officers may not be collectible within the United States.

We have been informed by our Israeli legal counsel, Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co. Law Offices, that it may be difficult to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on a violation of U.S. securities laws because Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law.

Subject to specified time limitations and legal procedures, Israeli courts may enforce a United States judgment in a civil matter which, subject to certain exceptions, is non-appealable, including judgments based upon the civil liability provisions of the Securities Act and the Exchange Act and including a monetary or compensatory judgment in a non-civil matter, provided that among other things:

- the judgment is obtained before a court of competent jurisdiction, according to the laws of the state in which the judgment is given and the rules of private international law currently prevailing in Israel;

- the judgment is final and is not subject to any right of appeal;
- the prevailing law of the foreign state in which the judgment was rendered allows for the enforcement of judgments of Israeli courts;
- adequate service of process has been effected and the defendant has had a reasonable opportunity to be heard and to present his or her evidence;
- the liabilities under the judgment are enforceable according to the laws of the State of Israel and the judgment and the enforcement of the civil liabilities set forth in the judgment is not contrary to the law or public policy in Israel nor likely to impair the security or sovereignty of Israel;
- the judgment was not obtained by fraud and does not conflict with any other valid judgments in the same matter between the same parties;
- an action between the same parties in the same matter is not pending in any Israeli court at the time the lawsuit is instituted in the foreign court; and
- the judgment is enforceable according to the law of the foreign state in which the relief was granted.

If a foreign judgment is enforced by an Israeli court, it generally will be payable in Israeli currency, which can then be converted into non-Israeli currency and transferred out of Israel. The usual practice in an action before an Israeli court to recover an amount in a non-Israeli currency is for the Israeli court to issue a judgment for the equivalent amount in Israeli currency at the rate of exchange in force on the date of the judgment, but the judgment debtor may make payment in foreign currency. Pending collection, the amount of the judgment of an Israeli court stated in Israeli currency ordinarily will be linked to the Israeli consumer price index plus interest at the annual statutory rate set by Israeli regulations prevailing at the time. Judgment creditors must bear the risk of unfavorable exchange rates.

EXPERTS

The financial statements as of December 31, 2015 and 2014, and for each of the two years in the period ended December 31, 2015, included in this prospectus have been so included in reliance on the report (which contains an explanatory paragraph relating to our ability to continue as a going concern, as described in Note 1a to the financial statements) of Kesselman & Kesselman, Certified Public Accountants (Isr.), a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting. The offices of Kesselman & Kesselman are located at Trade Tower, 25 Hamered Street, Tel-Aviv 68125, Israel.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act relating to this offering of the ADSs. This prospectus does not contain all of the information contained in the registration statement. The rules and regulations of the SEC allow us to omit certain information from this prospectus that is included in the registration statement. Statements made in this prospectus concerning the contents of any contract, agreement, or other document are summaries of all material information about the documents summarized, but are not complete descriptions of all terms of these documents. If we filed any of these documents as an exhibit to the registration statement, you may read the document itself for a complete description of its terms.

You may read and copy the registration statement, including the related exhibits and schedules, and any document we file with the SEC without charge at the SEC's public reference room at 100 F Street, N.E., Room 1580, Washington, DC 20549. You may also obtain copies of the documents

at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street, N.E., Room 1580, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC also maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are also available to the public through the SEC's website at http://www.sec.gov.

We are subject to the information reporting requirements of the Exchange Act that are applicable to foreign private issuers, and under those requirements are filing reports with the SEC. Those other reports or other information may be inspected without charge at the locations described above. As a foreign private issuer, we are exempt from the rules under the Exchange Act related to the furnishing and content of proxy statements, and our officers, directors, and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required under the Exchange Act to file annual, quarterly, and current reports and financial statements with the SEC as frequently or as promptly as United States companies whose securities are registered under the Exchange Act. However, we will file with the SEC, within 120 days after the end of each fiscal year, or such applicable time as required by the SEC, an annual report on Form 20-F containing financial statements audited by an independent registered public accounting firm, and will submit to the SEC, on Form 6-K, unaudited quarterly financial information. As long as we are traded on the TASE, and are a public company pursuant to the Companies Law, we are considered a "Reporting Corporation," under the Israeli Securities Law and until decided otherwise by our shareholders or until we are exempt from such duties by the Israeli Securities Authority, we are required to file annual, quarterly, and immediate reports and financial statements with the Israeli Securities Authority and TASE as frequently or as promptly as Israeli public companies whose securities are registered under the Israeli Securities Law are required to.

We maintain a corporate website at www.collplant.com. Information contained on, or that can be accessed through, our website does not constitute a part of this prospectus. We have included our website address in this prospectus solely as an inactive textual reference. We will post on our website any materials required to be posted on such website under corporate or securities regulations, including posting any XBRL interactive financial data required to be filed with the SEC or any other regulatory authority, and any notices of general meetings of our shareholders.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

COLLPLANT HOLDINGS LTD.

Report of Independent Registered Public Accounting Firm

To the Shareholders of CollPlant Holdings Ltd.

We have audited the accompanying consolidated statements of financial position of CollPlant Holdings Ltd. and its subsidiary ("the Company") as of December 31, 2015 and 2014 and the consolidated statements of comprehensive loss, changes in equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2015 and 2014 and the results of operations, changes in equity and cash flows for the years then ended, in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

As discussed in Note 1a to the consolidated financial statements, the Company has an accumulated deficit as of December 31, 2015 and presently does not have sufficient cash and other resources to meet its plans for the next twelve months. These factors raise substantial doubt as to the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1a. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern and do not include any adjustments that might result from the outcome of this uncertainty.

Tel-Aviv, Israel
July 18, 2016

Kesselman & Kesselman
Certified Public Accountants (lsr.)
A member firm of PricewaterhouseCoopers
International Limited

Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 6812508, Israel,
P.O Box 50005 Tel-Aviv 6150001 Telephone: +972 -3- 7954555, Fax:+972 -3- 7954556, www.pwc.com/il

CollPlant Holdings Ltd.

Consolidated Statements of Financial Position

	Note	December 31		Convenience translation into USD (Note 1B) December 31,
		2014	2015	2015
		NIS in thousands		In thousands
Assets				
Current assets:				
Cash and cash equivalents	5	11,062	5,317	1,412
Receivables	6	1,548	3,241	861
		12,610	8,558	2,273
Non-current assets:				
Restricted deposit	12A(1)(a)	564	565	150
Long-term receivables		52	73	19
Property and equipment, net	7	2,007	2,612	694
Intangible assets, net	8	1,725	1,721	457
		4,348	4,971	1,320
Total assets		16,958	13,529	3,593
Liabilities and equity				
Current liabilities:				
Accounts payable	10			
Trade payables		1,642	2,496	663
Other		1,005	1,254	333
		2,647	3,750	996
Commitments and contingent liabilities	12			
Total liabilities		2,647	3,750	996
Equity:	13			
Ordinary shares		2,414	2,665	707
Additional paid in capital		130,918	140,704	37,362
Accumulated deficit		(119,021)	(133,590)	(35,472)
Total equity		14,311	9,779	2,597
Total liabilities and equity		16,958	13,529	3,593

The accompanying notes are an integral part of the financial statements.

CollPlant Holdings Ltd.

Consolidated Statements of Comprehensive Loss

	Note	Year ended December 31		Convenience translation into USD (Note 1B)
		2014	2015	2015
		NIS in thousands		In thousands
Research and development expenses, net:	14			
Research and development expenses		14,879	22,919	6,086
Participation in research and development expenses		(5,145)	(11,055)	(2,935)
Research and development expenses, net		9,734	11,864	3,151
General, administrative and marketing expenses	15	3,906	6,950	1,845
Operating loss		13,640	18,814	4,996
Financial income	16	642	215	57
Financial expenses	16	25	51	13
Financial expenses (income), net		(617)	(164)	(44)
Comprehensive loss for the year		13,023	18,650	4,952
Basic and diluted loss per ordinary share (NIS/USD)	17	0.05	0.07	0.02
Weighted average ordinary shares outstanding		241,280,958	254,018,556	

The accompanying notes are an integral part of the financial statements.

CollPlant Holdings Ltd.

Consolidated Statements of Changes in Equity

	Note	Ordinary shares	Additional paid in capital	Accumulated deficit	Total equity
		NIS in thousands			
Balance as at December 31, 2013		2,369	130,918	(106,203)	27,084
Movement in 2014:					
Comprehensive loss for the year				(13,023)	(13,023)
Share-based compensation to employees and consultants				205	205
Exercise of options into shares	13B(9)	45			45
Balance as at December 31, 2014		2,414	130,918	(119,021)	14,311
Movement in 2015:					
Comprehensive loss for the year				(18,650)	(18,650)
Share-based compensation to employees and consultants				4,081	4,081
Proceeds from issue of shares and options, less issue expenses of NIS 1,297 thousand	13A(6)	250	9,760		10,010
Exercise of options into shares	13B(10)	1	26		27
Balance as at December 31, 2015		2,665	140,704	(133,590)	9,779

	Convenience translation into USD (Note 1B)			
	in thousands			
Balance as at December 31, 2014	641	34,763	(31,604)	3,800
Movement in 2015:				
Comprehensive loss for the year			(4,952)	(4,952)
Share-based compensation to employees and consultants			1,084	1,084
Proceeds from issue of shares and options, less issue expenses of $335 thousand	66	2,592		2,658
Exercise of options into shares		7		7
Balance as at December 31, 2015	707	37,362	(35,472)	2,597

The accompanying notes are an integral part of the financial statements.

CollPlant Holdings Ltd.

Consolidated Statements of Cash Flows

	Year ended December 31		Convenience translation into USD (Note 1B)
	2014	2015	2015
	NIS in thousands		In thousands
Cash flows from operating activities:			
Net cash used in operations (see appendix)	(12,993)	(14,498)	(3,850)
Interest received	35	1	
Net cash used in operating activities	(12,958)	(14,497)	(3,850)
Cash flows from investing activities:			
Purchase of property and equipment	(336)	(1,389)	(369)
Change in restricted deposit	(61)		
Net cash used in investing activities	(397)	(1,389)	(369)
Cash flows from financing activities:			
Proceeds from issue of shares and options, less issue expenses		10,010	2,658
Exercise of options into shares	45	27	7
Net cash provided by financing activities	45	10,037	2,665
Decrease in cash and cash equivalents	(13,310)	(5,849)	(1,554)
Cash and cash equivalents at the beginning of the year	23,777	11,062	2,938
Exchange differences on cash and cash equivalents	595	104	28
Cash and cash equivalents at the end of the year	11,062	5,317	1,412

CollPlant Holdings Ltd.

Appendix to the Consolidated Statements of Cash Flows

	Year ended December 31		Convenience translation into USD (Note 1B)
	2014	2015	2015
	NIS in thousands		In thousands
Appendix to the statement of cash flow:			
Cash flows from operating activities:			
Loss for the year	(13,023)	(18,650)	(4,952)
Adjustments for:			
Depreciation and amortization	802	788	209
Share-based compensation to employees and consultants	205	4,081	1,084
Exchange differences on cash and cash equivalents	(595)	(104)	(28)
Exchange differences on restricted cash		(1)	
Interest received	(35)	(1)	
	(12,646)	(13,887)	(3,687)
Changes in operating asset and liability items:			
Decrease (increase) in other receivables	180	(1,693)	(450)
Decrease (increase) in other long-term receivables	15	(21)	(6)
Increase (decrease) in trade payables	(214)	854	227
Increase (decrease) in other payables	(328)	249	66
	(347)	(611)	(163)
Net cash used in activities	(12,993)	(14,498)	(3,850)

The accompanying notes are an integral part of the financial statements.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements

NOTE 1—GENERAL

A. Operations

CollPlant Holdings Ltd. is a clinical-stage regenerative medicine company focused on developing and commercializing tissue repair products, initially for the orthobiologics and advanced wound care markets. CollPlant's products are based on its proprietary plant-based technology, for the production of recombinant type I human collagen, or rhCollagen. The Company operates through CollPlant Ltd., a wholly-owned subsidiary (CollPlant Holdings Ltd. and CollPlant Ltd. will be referred to hereinafter as "the Company" or "CollPlant").

The address of the Company's registered office is 3 Sapir St., Science Park, Ness Ziona, Israel and the Company is traded on the Tel Aviv Stock Exchange ("TASE").

The Company has not yet generated income from its operations and as of December 31, 2015, has accumulated losses of approximately NIS 134 million. The Company plans to continue research and development, production and marketing in the coming year (focusing on orthopedics, soft and hard tissue repair and wound healing), supported by funding sources such as the Company's cash balances, grants from government authorities, proceeds from strategic partners and 4.9 million U.S. dollars raised in February and June 2016 (see Note 19). Presently, the Company does not have sufficient cash resources to meet its business plans for the next twelve months.

The Company is taking steps to raise additional financing sources in order to continue operations. These steps include efforts towards signing a definitive agreement with a leading U.S. company in Orthobiologics (as detailed in Note 12B) and raising funds from private, public and/or institutional investors in Israel and overseas. It is uncertain whether the Company will be able to raise additional funds as aforesaid.

These factors raise substantial doubt regarding the Company's ability to continue as a going concern. The financial statements do not include adjustments for assets and liabilities and their classification which may be required if the Company is unable to continue as a going concern. If the Company is unable to raise the necessary funds, the Company may need to curtail or cease operations.

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 December 31, 2015 and for the year then ended have been translated into U.S. dollars at the Bank of Israel's representative rate of exchange for March 31, 2016 ($1 = NIS 3.766). The dollar amounts presented in these 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 financial statements were approved by the board of directors on July 18, 2016.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

A. Basis of presentation of the financial statements

The Company's financial statements as at December 31, 2015 and 2014 and for the years then ended comply with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS, as issued by the International Accounting Standard Board ("IASB").

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

The significant accounting policies described below have been applied consistently to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared on the basis of historical cost.

The preparation of financial statements that comply with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment when applying the Company's accounting policies. Note 3 provides disclosure of areas involving a considerable degree of judgment or complexity, or areas where assumptions and estimates have a material effect on the financial statements. Actual results may differ materially from the estimates and assumptions used by the Company's management.

B. Consolidated financial statements

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The subsidiary is fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

C. Translation of foreign currency balances and transactions

1) Functional currency and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are stated in New Israeli Shekels ("NIS"), which is the functional and presentation currency of the Company and its subsidiary.

2) Transactions and balances

Transactions in currencies other than the functional currency (foreign currencies) are translated into the functional currency at exchange rates at the dates of transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss for the year.

Gains and losses arising from changes in exchange rates are recognized in the statement of comprehensive loss under financing expenses (income).

D. Property and equipment

1) All property and equipment (including leasehold improvements) are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Repairs and maintenance are charged to the statements of comprehensive loss during the period in which they are incurred.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

2) The assets are depreciated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

	Years
Computer equipment	3
Greenhouse equipment*	4 - 10
Office furniture	7 - 17
Laboratory equipment	4 - 5

* Greenhouse equipment—agricultural equipment used in the tobacco production greenhouse

Leasehold improvements are depreciated over the lease period or the expected useful life of the improvements, whichever is shorter.

Impairment of the asset to its recoverable amount is recognized as incurred, if the carrying amount of the asset is greater than its estimated recoverable amount (see also section F below).

3) Gains and losses on disposals are determined by comparing proceeds with the associated carrying amount. These are included in the statement of comprehensive loss.

E. Intangible assets

1) In process research and development ("IPR&D")

Acquired IPR&D is presented based on the fair value at the date of the acquisition and is not depreciated during the research and development period. Such assets are tested annually for impairment, see section F. below. The assessment is carried out more frequently if there are indications of impairment. The intangible asset balance remained unchanged as at December 31, 2015 and 2014.

2) Software

Acquired software licenses are capitalized on the basis of the cost incurred to acquire and implement the specific software. These costs are amortized on a straight-line basis over the estimated useful life of licenses (three years).

3) Research and Development ("R&D")

Research expenses are recognized as an expense as incurred. Costs incurred for development projects (referring to design and testing of new or improved products) are recognized as intangible assets when all of the following conditions exist:

- It is technically feasible to complete the intangible asset so that it will be available for use.
- Management intends to complete the development of the intangible asset and to use or sell the asset.
- The intangible asset can be used or sold.
- It is possible to demonstrate how the intangible asset will generate probable future economic benefits.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

- There are adequate technical, financial and other resources to complete development and to use or sell the intangible asset.

- The expenditure attributable to the intangible asset can be reliably measured during its development.

Other development costs that do not meet these criteria are recognized as an expense when incurred. Development costs previously recognized as an expense are not recognized as an asset in subsequent periods.

As of December 31, 2015, the Company has not met the rules for capitalizing development costs as an intangible asset and accordingly, no asset whatsoever has been recognized in the financial statements for such costs.

F. Impairment of non-monetary assets

Assets that have indefinite useful life are not subject to amortization and are tested annually (or when there are indicators for impairment —see below) for impairment.

All non-monetary assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

For the years ended December 31, 2015 and 2014, no impairment has been recognized.

G. Government grants

Government grants, which are received from the Israeli Office of Chief Scientist (the "OCS") by way of participation in research and development that is conducted by the Company, fall within the scope of "forgivable loans," as set forth in International Accounting Standard 20 "Accounting for Government Grants and Disclosure of Government Assistance" ("IAS 20").

As approved by the OCS, the grants are received in installments as the program progresses. The Company recognizes each forgivable loan on a systematic basis at the same time the Company records as an expense the related research and development costs for which the grant is received, provided that there is reasonable assurance that (a) the Company will comply with the conditions attached to the grant, and (b) it is probable that the grant will be received (usually upon receipt of approval notice). The amount of the forgivable loan is recognized based on the participation rate approved by the OCS; thus, a forgivable loan is recognized as a receivable when approved research and development costs have been incurred before grant funds are received.

Since at the time of grant approval there is reasonable assurance that the Company will comply with the forgivable loan conditions attached to the grant, and it is reasonably assured that the related research and development will not generate revenue and hence royalties will not be paid to the OCS, grant income is recorded against the related research and development expenses in the statement of comprehensive loss.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

If forgivable loans are initially carried to income, as described above, and, in subsequent periods, it is no longer reasonably assured that royalties will not be paid to the OCS, the Company recognizes a liability which is measured based on the Company's best estimate of the amount required to settle the Company's obligation at the end of each reporting period.

H. Cash and cash equivalents

Cash and cash equivalents include cash on hand, short-term bank deposits, and other short-term highly liquid investments with original maturities of three months or less.

I. Share capital

The Company's ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares or options are recognized in equity net of issue proceeds.

J. Trade payables

Trade payables include the Company's liabilities to pay for goods or services purchased from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year; otherwise they are recognized as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost based on the effective interest method.

K. Deferred taxes

The Company recognizes deferred taxes based on the liability method, for temporary differences between the carrying amounts of assets and liabilities included in the consolidated financial statements and the amounts used for tax purposes. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. In addition, deferred taxes are not recognized if the temporary differences arise on initial recognition of an asset or a liability, other than in a business combination, which, at the time of the transaction, have no effect on profit or loss—whether for accounting or tax purposes. The amount of deferred taxes is determined in accordance with the tax rates (and tax laws) that have been enacted or substantively enacted as at the date of the financial statements and are expected to apply when the deferred tax assets will be realized or when the deferred tax liabilities will be settled.

Deferred tax assets are recognized for deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

In the absence of a forecast of future taxable income, a deferred tax asset was not recognized in the Company's financial statements.

L. Employee benefits

1) Liability for severance pay

In accordance with labor laws and labor agreements in effect, the Company and its subsidiary are required to pay severance and pension benefits to employees who are dismissed or retire under certain circumstances.

The liability to pay pension and severance pay to employees in Israel who are covered by Section 14 of the Severance Pay Law, are covered by regular contributions to defined

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

contribution plans. The amounts contributed are not included in the statement of financial position.

2) Vacation and recreation pay

By law, all employees are entitled to vacation and recreation pay, calculated on a monthly basis. The right is based on the employment period.

M. Share-based payment

The Company has a share-based payment plan for employees and service providers, settled by the Company's equity instruments, whereby the Company receives services from employees and service providers in exchange for the Company's equity instruments (options). The fair value of services received from employees and service providers in exchange for the options is recognized as an expense in the statements of comprehensive loss. The total amount recognized as an expense in statements of the comprehensive loss is based on the fair value of the options granted to employees, without taking into account the effect of service conditions and non-market vesting conditions.

Non-market vesting conditions are included in the assumptions used to estimate the number of options expected to vest. The total expense is recognized in the vesting period, which is the period for fulfillment of all the defined vesting terms of the share-based payment arrangement.

At each reporting date, the Company adjusts its estimates of the number of options that are expected to vest, based on the non-market vesting conditions, and recognizes the effect of the change compared to original estimates, if any, in the statement of comprehensive loss, and a corresponding adjustment in equity.

When exercising the options, the Company issues new shares, the proceeds, net of directly attributable transaction costs, are recognized in share capital (par value) and additional paid in capital.

N. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The Company operates in one operating segment.

O. Loss per share

Basic loss per share is the net loss for the year divided by the weighted average number of ordinary shares outstanding in the period, net of shares held by the Company.

When calculating diluted loss per share, the Company adjusts the loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares.

Potential shares are only taken into account if their effect is dilutive (reduces earnings per share or increases loss per share).

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. New standards and interpretations not yet adopted

1. IFRS 9 "Financial Instruments" ("IFRS 9")

The complete version of IFRS 9 replaces most of the guidance in IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories or financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit and loss (P&L). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that will replace the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition in other comprehensive income of changes, resulting from its own credit risk, in liabilities designated at fair value through profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company has yet to assess IFRS 9's full impact.

2. IFRS 16 "Leases" ("IFRS 16")

IFRS 16 will replace upon first-time implementation the existing guidance in IAS 17—"Leases"("IAS 17"). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and is expected to have material impact mainly on the accounting treatment applied by the lessee in a lease transaction.

IFRS 16 changes the existing guidance in IAS 17 and requires lessees to recognize a lease liability that reflects future lease payments and a "right-of-use asset" in all lease contracts (except for the following exemption), with no distinction between financing and capital leases. IFRS 16 exempts lessees in short-term leases or the when underlying asset has a low value.

IFRS 16 changes the definition of a "lease" and the manner of assessing whether a contract contains a lease.

IFRS 16 will be effective retrospectively for annual periods beginning on or after January 1, 2019, taking into account the relief specified in the transitional provisions of IFRS 16. Under the provisions of IFRS 16, early adoption is permitted only if IFRS 15 has also been applied. The Company is assessing the expected impact of IFRS 16 on its financial statements.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 3—SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are reviewed on an ongoing basis and are based on past experience and other factors, including expectations of future events, which are considered reasonable in view of current circumstances.

A. Significant accounting estimate

The Company makes estimates and assumptions with respect to the future. By nature, accounting estimates are rarely identical to actual results. The estimate that has a significant risk of resulting in a material adjustment to carrying amounts of assets and liabilities in the next financial year is listed below.

Impairment of IPR&D

The Company reviews annually the need to record impairment of IPR&D.

To test for impairment, the Company as a whole has been identified as the smallest cash-generating unit to which the intangible asset can be attributed. Accordingly, the Company measured the recoverable amount of the Company as a whole. The recoverable amount is the higher of value in use and fair value less costs of disposal. In accordance with IFRS 13, the quoted market price in an active market provides the most reliable evidence of fair value. Since fair value less costs of disposal, which is based on the market price of the Company, is significantly higher than the carrying amount of the cash-generating unit, the Company determined that no impairment exists. See also Note 2E(1).

B. Significant judgments made when applying the Company's accounting policy

1) Grants from the OCS

In accordance with the accounting treatment prescribed in Note 2G, the Company's management is required to examine whether there is reasonable assurance that the grant that was received will not be repaid. In addition, if, at the date of initial recognition, the grant is recognized in the statements of comprehensive loss, then in subsequent periods the Company's management is required to evaluate whether there is reasonable assurance that no payment of royalties to the OCS will be made.

2) Development costs

Development costs are capitalized in accordance with the accounting policy described in Note 2E(3). Capitalization of costs is based on management's judgment about technological and economic feasibility.

The Company's management believes that as at December 31, 2015, the above conditions were not met; therefore development costs were not capitalized.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 4—FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management

1) Financial risk factors

The Company's activities expose it to diverse financial risks: currency risk, credit risk, and liquidity risk. The Company's comprehensive risk management plan focuses on the unpredictability of financial markets and the attempt to minimize potential adverse effects on the Company's financial performance.

The Company's CFO is responsible for risk management in accordance with the policy approved by the board of directors.

A) Market risks

Exchange rate risk

The Company is exposed to exchange rate risks arising from exposure to various currencies, primarily the U.S. dollar. The exchange rate risk is due to future commercial transactions and assets or liabilities denominated in foreign currency.

On December 31, 2015, if the Company's functional currency has depreciated by 5% against the U.S. dollar, and if all the other variables had remained the constant, the loss for the year would have been lower by NIS 226,000 (December 31, 2014, NIS 220,000), mainly due to losses from exchange rate differences for translation of cash balances, receivables and trade payables.

B) Liquidity risk

The Company has not yet generated profits or positive cash flows from its operating activities, and the continuation of its operations in the current format is subject to raising financing sources until a positive cash flow is generated from its operations. See also Note 1A.

2) Capital risk management

The objectives of the Company's capital risk management are to maintain the Company's ability to continue as a going concern in order to provide shareholders with a return on their investment and to maintain an optimal capital structure to minimize the cost of capital.

NOTE 5—CASH AND CASH EQUIVALENTS

	December 31	
	2014	2015
	NIS in thousands	
Breakdown by currency:		
NIS	6,563	1,783
In foreign currency (mainly USD)	4,499	3,534
	11,062	5,317

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 6—RECEIVABLES

	December 31	
	2014	2015
	NIS in thousands	
Value added tax	227	330
Receivables for participation in R&D expenses	1,122	1,435
Prepaid expenses	164	1,412
Other	35	64
	1,548	3,241

Most financial balances are in NIS and are unlinked.

The carrying amount of the receivables that are financial assets is a reasonable approximation of their fair value since the effect of discounting is insignificant.

The maximum exposure to credit risk as at December 31, 2015 for receivables that are financial assets is their carrying amount. The Company does not hold any collateral for these receivables.

NOTE 7—PROPERTY AND EQUIPMENT

Composition of property and equipment and accumulated depreciation, by principal groups, and the movements therein in 2014:

	Cost				Accumulated depreciation				
	Carrying amount at beginning of year	Additions	Disposals	Carrying amount at end of year	Carrying amount at beginning of year	Additions	Disposals	Carrying amount at end of year	Depreciated balance as at December 31, 2014
	NIS in thousands				NIS in thousands				NIS in thousands
Computer equipment	603	30	35	598	497	58	35	520	78
Office furniture	438			438	135	26		161	277
Laboratory equipment	3,718	268	3	3,983	3,039	335	3	3,371	612
Greenhouse equipment	2,982			2,982	1,933	266		2,199	783
Leasehold improvements	938	38		976	613	106		719	257
	8,679	336	38	8,977	6,217	791	38	6,970	2,007

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 7—PROPERTY AND EQUIPMENT (Continued)

Composition of property and equipment and accumulated depreciation, by principal groups, and the movements therein in 2015:

	Cost				Accumulated depreciation				
	Carrying amount at beginning of year	Additions	Disposals	Carrying amount at end of year	Carrying amount at beginning of year	Additions	Disposals	Carrying amount at end of year	Depreciated balance as at December 31, 2015
	NIS in thousands				NIS in thousands				NIS in thousands
Computer equipment	598	64		662	520	49		569	93
Office furniture	438	58		496	161	26		187	309
Laboratory equipment	3,983	1,200		5,183	3,371	355		3,726	1,457
Greenhouse equipment	2,982			2,982	2,199	260		2,459	523
Leasehold improvements	976	67		1,043	719	94		813	230
	8,977	1,389		10,366	6,970	784		7,754	2,612

NOTE 8—INTANGIBLE ASSETS

Composition of intangible assets and accumulated amortization, by principal groups, and the movements therein in 2014:

	Cost		Accumulated depreciation			
	Carrying amount at beginning of year	Carrying amount at end of year	Carrying amount at beginning of year	Additions	Carrying amount at end of year	Depreciated balance as at December 31, 2014
	NIS in thousands		NIS in thousands			NIS in thousands
Software	104	104	88	11	99	5
IPR&D	1,720	1,720				1,720
	1,824	1,824	88	11	99	1,725

Composition of intangible assets and accumulated amortization, by principal groups, and the movements therein in 2015:

	Cost		Accumulated depreciation			
	Carrying amount at beginning of year	Carrying amount at end of year	Carrying amount at beginning of year	Additions	Carrying amount at end of year	Depreciated balance as at December 31, 2015
	NIS in thousands		NIS in thousands			NIS in thousands
Software	104	104	99	4	103	1
IPR&D	1,720	1,720				1,720
	1,824	1,824	99	4	103	1,721

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 9—INCOME TAX

A. Taxation of the Company and its subsidiary

1) Tax rates

The income of the Company and its subsidiary is taxable at the regular rate of corporate tax in Israel.

The rate of corporate tax in 2014 and 2015 was 26.5%.

In January 2016, the Law for the Amendment of the Income Tax Ordinance (No. 216) was published, enacting a reduction of corporate tax rate beginning in 2016, from 26.5% to 25%.

B. Carry-forward tax losses

Deferred tax assets for carry-forward tax losses are recognized if it is expected that the tax benefit will be realized through the existence of future taxable profits.

The carry-forward losses of CollPlant Holdings Ltd. (without capital losses) as at December 31, 2015 and 2014 amounted to approximately NIS 7.8 million and NIS 5.9 million, respectively.

The carry-forward losses of CollPlant Ltd. (without capital losses) as at December 31, 2015 and 2014 amounted to approximately NIS 110 million and NIS 100.8 million, respectively.

The Company did not recognize deferred taxes on the losses as it is not probable that the differences will be realized in the foreseeable future.

C. Tax assessments

In accordance with the Israeli Income Tax Ordinance, tax assessments filed by the Company and its subsidiary up to 2011 are considered final.

D. Value added tax

The Company and its subsidiary are registered as authorized dealers in Israel for VAT purposes.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 10—ACCOUNTS PAYABLE

	December 31	
	2014	2015
	NIS in thousands	
A. Trade payables		
Breakdown by currency:		
NIS	1,546	2,117
In foreign currency (mainly USD)	96	379
	1,642	2,496
B. Other payables:		
Employees and institutions for employees	667	732
Provisions for vacation and others	338	522
	1,005	1,254

The carrying amount of accounts payable that are financial liabilities is a reasonable approximation of their fair value since the effect of discounting is insignificant.

NOTE 11—RETIREMENT BENEFIT OBLIGATION

The amount recognized as an expense for defined contribution plans in 2015 and 2014 is NIS 1.2 million and NIS 958,000, respectively.

NOTE 12—COMMITMENTS AND CONTINGENT LIABILITIES

A. Agreements:

1) Operating lease agreements:

a) In 2015, an agreement was signed to extend the lease of the Company's offices, which commenced in June 2008. The lease ends on August 18, 2017, and the monthly rent amounts to NIS 54,000.

As collateral for the lease agreement, a restricted deposit was pledged in favor of the property owner. The balance of the restricted deposit as at December 31, 2015 amounts to NIS 565,000. The deposit is classified as a non-current asset.

b) In April 2007, CollPlant signed an agreement with a third party for lease of land in Yessod Hama'ala. The lease was for a three years period, with an option for renewal every year for up to another seven years. The Company extends the agreement annually in accordance with the terms of the option for renewal. The annual rent amount is NIS 33,000.

2) Commitment to pay royalties to the Government of Israel

The Company is committed to pay royalties to the Government of Israel on proceeds from sales of products in the research and development of which the Government participates by way of grants through the OCS. At the time the grants were received, successful development of the related project was not assumed. In the case of failure of the project that was partly

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 12—COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

financed by the Government of Israel, the Company is not obligated to pay any such royalties. Under the terms of Company's funding from the Israeli Government, royalties of 3.5% are payable on sales of products developed from projects so funded up to 100% of the amount of the grant received by the Company (dollar linked) with the addition of an annual interest based on Libor. The Company's management believes that, as at December 31, 2015, there is reasonable assurance that no royalties will be paid to the OCS. Therefore, a liability is not included in the Company's financial statements with respect to such royalties (see also Note 2G). As of December 31, 2015, the maximum royalty amount that would be payable by the Company, before the additional Libor interest, is approximately NIS 30 million (assuming 100% of the funds are payable).

B. Development agreements with pharmaceutical and medical device companies

On November 17, 2010, CollPlant and Pfizer Inc. ("Pfizer") signed an agreement for joint development of prototype products for the treatment of orthopedic problems. The agreement refers, among other things, to the allocation of the rights of the project outcomes. In accordance with the agreement, Pfizer paid CollPlant immaterial amounts for the development of prototypes.

On December 22, 2011, CollPlant and Pfizer signed another joint development agreement for development of a product for the orthopedic market ("the Development Agreement"). In accordance with the Development Agreement, the parties will collaborate in the development of a product that contains Pfizer's therapeutic proteins and compounds based on CollPlant's recombinant human collagen (rhCollagen) ("the Product").

In accordance with the Development Agreement, the development plan was divided into two periods over a total period of three years. CollPlant was to receive a total consideration of $1.9 million for its activity in accordance with the Development Agreement, and subject to compliance with milestones and fulfillment of the conditions under the Development Agreement for each of the two agreement periods. In accordance with the Development Agreement, Pfizer was granted an exclusive right, limited in time, to negotiate the continuation of development and commercialization of the Product with CollPlant. In February 2012, an amount of $0.4 million was received, and the same amount was received at the beginning of 2013. The amounts received are offset against the Company's R&D expenses.

To the best of the Company's knowledge, based partially on public sources, in July 2013, Pfizer signed an agreement with a U.S. based company ("the U.S. Company"), which specializes in orthobiologics, whereby Pfizer granted the U.S. Company an exclusive, global license for the portfolio of projects related to Pfizer's bone morphogenetic protein ("rhBMP-2"). Since July 2013 the Company has been in joint development with the U.S. Company for the Product, instead of the collaboration with Pfizer, which expired during 2014.

On July 9, 2015, the Company signed a non-binding term sheet with the U.S. Company. According to the term sheet, the U.S. Company will make payments to the Company for the full development plan. In addition and subject to signing a binding agreement and achievement of milestones, the U.S. Company will make payments for the license, including to set up a production facility to produce collagen and the medical product, payments for achieving regulatory milestones, and royalties (single digit percentage) for worldwide sales.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 12—COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

The Company believes that the work and negotiations between the parties will continue over the next few months, and if negotiations are successful, the Company believes that a definitive agreement will be signed with the U.S. Company. However, there is no assurance that the negotiations between the parties will culminate in a binding agreement, as well as what the final terms of the agreement will be.

C. Research grants from external sources

On August 17, 2010, a consortium, including CollPlant, received funding from the European Union Seventh Framework Program ("the Program"). The objective of this research is to develop hernia meshes using human recombinant collagen. The total funding for CollPlant in this Program amounted to EUR 274,000. As of December 31, 2015, proceeds amounting to EUR 235,000 were received. The amounts received were offset against the Company's R&D expenses. The said Program has ended in April 2015. The Company has no obligation to repay the said grants or to pay any royalties with respect to them.

NOTE 13—EQUITY

A. Ordinary shares and warrants:

1) **Composition**

	Number of shares		
		Issued and paid up**	
	Registered		
	December 31	December 31	
	2015 and 2014	2014	2015
Ordinary shares of par value NIS 0.01*	1,500,000,000	241,392,352	266,435,397

	Amount in NIS		
		Issued and paid up	
	Registered		
	December 31	December 31	
	2015 and 2014	2014	2015
Ordinary shares of par value NIS 0.01*	15,000,000	2,413,923	2,664,354

* Traded on the Tel Aviv Stock Exchange ("TASE").

On March 4, 2015, the Company announced that its ADR level 1 program became effective in the United States. Each ADR comprises 100 ordinary shares, traded over the counter (OTC) in the United States, under the symbol CQPTY.

** Not including 2,761,384 shares held by the Company. These shares are considered to be dormant.

2) The ordinary shares confer on their holders the right to vote and participate in shareholder meetings (with one vote for each NIS 0.01 share), the right to receive profits and the right to participate in surplus assets on liquidation of the Company.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 13—EQUITY (Continued)

3) In 2014, Series B, C, D, and E warrants expired without exercise.

4) In November 2013, the Company signed an investment agreement, according to which $2.5 million was invested in the Company in exchange for 16,856,173 ordinary shares (the issue expenses amounted to $190,000).

5) In December 2013, the Company raised a gross amount of NIS 21.3 million for the issuance of 68,313,000 ordinary shares and 68,313,000 Series F warrants. The issuance expenses amounted to NIS 1.96 million. The Company also granted 6,831,300 Series F warrants to the Israeli underwriters. Series F warrants are exercisable until December 31, 2016, with an exercise price of NIS 0.70 per share.

6) On July 1, 2015 the Company completed a capital raise from institutional investors of NIS 11.3 million in gross proceeds (the issue costs amounted to NIS 1.3 million). In consideration, the Company issued 24,951,000 of its ordinary shares, 8,623,000 Series G warrants exercisable at an exercise price of NIS 0.80 per share, for three years and 3,852,000 Series H warrants exercisable at an exercise price of NIS 0.85 per share, for three years. Each option is exercisable for one ordinary share of the Company. In addition, in accordance with the terms of the Israeli broker agreement, the Company issued 673,284 Series G warrants and 300,764 Series H warrants to the Israeli broker, having the same terms as above.

7) See Note 19 below for a description of our February and June 2016 capital raises.

B. Share-based payments

In accordance with an option plan for employees and consultants ("the Option Plan"), as amended from time to time, employees and consultants of the Company will be granted options, each exercisable into one ordinary share of the Company of NIS 0.01. The ordinary shares that will be issued in accordance with the Option Plan will have the same rights as the other ordinary shares of the Company, immediately subsequent to their issue. An option that is not exercised within 10 years from the allotment date will expire, unless the board of directors extends its validity.

Grants to employees are made in accordance with the Option Plan, and are carried out within the provisions of Section 102 of the Israel Income Tax Ordinance. In accordance with the track selected by the Company and these provisions, the Company is not entitled to claim a tax deduction for the employee benefits.

For those who are not employees of the Company, and for the Company's controlling shareholders (as defined in the Income Tax Ordinance) options are granted in accordance with section 3(I) of the Income Tax Ordinance.

1) On September 8, 2014, the board of directors approved the grant of options to purchase 400,000 ordinary shares to the VP R&D. The options will vest over four years. One quarter will vest one year after the grant date, and the balance will vest in equal parts at the end of each subsequent quarter. The exercise price of each option is NIS 0.25 (unlinked).

   The fair value of the options at the grant date was NIS 42,000.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 13—EQUITY (Continued)

The fair value of each option, calculated according to the Black-Scholes formula, amounts to NIS 0.11. This value is based on the following assumptions: expected dividend of 0%, expected volatility of 51.24%, risk-free interest rate of 2%, and period to exercise of four years.

2) On October 29, 2014, the Company's general meeting approved a grant for the chairman of the board of directors. The grant is for options to purchase 7,241,770 ordinary shares for an exercise price of NIS 0.26 per share. The options will vest over three years. One third will vest one year after grant date, and the balance will vest in equal installments at the end of each subsequent quarter. The fair value of the options at the grant date was NIS 340,000.

The fair value of each option, calculated according to the Black-Scholes formula, amounts to NIS 0.05. This value is based on the following assumptions: expected dividend of 0%, expected volatility of 51.24%, risk-free interest rate of 2%, and period to exercise of four years.

3) On March 22, 2015, the board of directors approved the grant of options to purchase 10,000,000 ordinary shares to its Director and Chief Scientific Officer. The options will vest over 5 years. One fifth will vest one year after the grant date, and the balance will vest in equal parts at the end of each subsequent quarter. The exercise price of each option is NIS 0.60.

On July 30, 2015 the Company's general meeting approved the options grant. The fair value of the options at the date of general meeting approval was NIS 4.8 million.

The fair value of each option, calculated according to the Black-Scholes formula, amounts to NIS 0.48. This value is based on the following assumptions: expected dividend of 0%, expected volatility of 56.49%, risk-free interest rate of 2%, and period to exercise of five years.

4) On May 18, 2015, the board of directors approved the grant of options to purchase 5,670,000 ordinary shares to the CEO of the company. The options will vest over 4 years. One quarter will vest one year after the grant date, and the balance will vest in equal parts at the end of each subsequent quarter. The exercise price of each option is NIS 0.60.

On July 30, 2015, the Company's general meeting approved the options grant. The fair value of the options at the date of general meeting approval was NIS 2.7 million.

The fair value of each option, calculated according to the Black-Scholes formula, amounts to NIS 0.48. This value is based on the following assumptions: expected dividend of 0%, expected volatility of 56.49%, risk-free interest rate of 2%, and period to exercise of four years.

5) On May 18, 2015, options to purchase 7,450,000 ordinary shares were granted to employees and officers of the Company (who are not the CEO and/or a director).

The options will vest over four years. One quarter will vest one year after the grant date, and the balance will vest in equal parts at the end of each subsequent quarter. The exercise price of each option is NIS 0.60. The fair value of the options at the grant date was NIS 1.6 million.

The fair value of each option, calculated according to the Black-Scholes formula, amounts to NIS 0.22. This value is based on the following assumptions: expected dividend of 0%, expected volatility of 56.18%, risk-free interest rate of 2%, and period to exercise of four years.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 13—EQUITY (Continued)

6) On May 18, 2015, options to purchase 1,000,000 ordinary shares were granted to a consultant of the Company. The options will vest according to certain milestones. The exercise price of each option is NIS 0.60. The fair value of the options at the grant date was NIS 240,000.

7) On May 21, 2015, the board of directors approved the grant of options to purchase a total of 2,680,000 ordinary shares to four Board members, 670,000 options to each. The options will vest over four years. Half of the amount will vest two years after the date of the board of directors' approval, and the balance will vest in equal parts at the end of each subsequent month. The exercise price of each option is NIS 0.60.

On July 30, 2015 the Company's general meeting approved the options grant. The fair value of the options at the date of general meeting approval was NIS 1.3 million.

The fair value of each option, calculated according to the Black-Scholes formula, amounts to NIS 0.48. This value is based on the following assumptions: expected dividend of 0%, expected volatility of 56.49%, risk-free interest rate of 2%, and period to exercise of four years.

8) On August 31, 2015, options to purchase 1,300,000 ordinary shares of the Company were granted to two new officers of the Company (who are not the CEO and/or a director).

The options will vest over four years. One quarter will vest one year after the grant date, and the balance will vest in equal parts at the end of each subsequent quarter. The exercise price of each option is NIS 0.85. The fair value of the options at the grant date was NIS 331,000.

The fair value of each option, calculated according to the Black-Scholes formula, amounts to NIS 0.25. This value is based on the following assumptions: expected dividend of 0%, expected volatility of 56.36%, risk-free interest rate of 2%, and period to exercise of four years.

Exercise of options

9) On January 9, 2014, the Company's CEO exercised options to purchase 4,517,626 ordinary shares at an exercise price of NIS 0.01 per share, for total consideration of NIS 45,000.

10) On June 24, 2015, options were exercised to purchase 92,045 ordinary shares at an exercise price of NIS 0.30 per share, for total consideration of NIS 27,000.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 13—EQUITY (Continued)

Changes in number of options and weighted average exercise prices are as follows:

	Year ended December 31, 2014		Year ended December 31, 2015	
	No. of options	Average weighted exercise price	No. of options	Average weighted exercise price
Outstanding at the beginning of the year	15,535,762	0.57	17,963,346	0.56
Granted	7,641,770	0.26	28,100,000	0.61
Expired			(318,894)	0.44
Forfeited	(696,560)	0.44 - 1.39	(119,748)	0.84
Exercised	(4,517,626)	0.01	(92,045)	0.3
Outstanding at the end of the period	17,963,346	0.56	45,532,659	0.59
Exercisable at the end of the period	9,042,670	0.61	11,700,665	0.49

The following is information about the exercise price and remaining contractual life of outstanding options:

December 31, 2014			December 31, 2015		
No. of outstanding options	Exercise price range	Weighted average of remaining contractual life	No. of outstanding options	Exercise price range	Weighted average of remaining contractual life
17,963,346	0.26 - 1.39	7.32	45,532,659	0.26 - 1.39	8.28

The expenses recognized in the Company's statements of comprehensive loss in 2015 and 2014 for options granted to employees and consultants amounted to NIS 4.1 million and NIS 205,000, respectively.

NOTE 14—RESEARCH AND DEVELOPMENT EXPENSES, NET

	Year ended December 31	
	2014	2015
	NIS in thousands	
Payroll and related expenses	6,246	7,656
Share-based payments	137	2,464
Subcontractors and consultants	4,429	7,532
Consumables and materials	659	1,035
Depreciation and amortization	750	763
Rent and maintenance	2,056	2,448
Other	602	1,021
	14,879	22,919
Less:		
Participation in R&D expenses, see Note 12B	(1,554)	(6,428)
OCS participation in R&D expenses, see Note 12A(2)	(3,591)	(4,627)
	(9,734)	(11,864)

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 15—GENERAL, ADMINISTRATIVE AND MARKETING EXPENSES

	Year ended December 31	
	2014	2015
	NIS in thousands	
Payroll and related expenses	1,803	1,418
Share-based payments	68	1,617
Directors' salary and insurance	590	740
Rent and office maintenance	314	407
Professional services	859	2,248
Depreciation	52	25
Other	220	495
	3,906	6,950

NOTE 16—FINANCING EXPENSES (INCOME), NET

	Year ended December 31	
	2014	2015
	NIS in thousands	
Financing expenses:		
Bank fees	25	51
Total financing expenses	25	51
Financing income:		
Interest income on cash equivalents and deposits	35	1
Foreign exchange gains, net	607	214
Total financing income	642	215
	(617)	(164)

NOTE 17—LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to the Company's shareholders by the weighted average number of ordinary shares issued. The calculation of the diluted loss per share did not take into account 45,532,659 options for employees and consultants, 88,337,260 Series F warrants, 9,296,284 Series G warrants and 4,152,764 Series H warrants, since their effect is anti-dilutive.

NOTE 18—TRANSACTIONS AND BALANCES WITH RELATED PARTIES

"Related Party"—as defined in IAS 24R.

The Company's key management personnel include members of the executive management and board of directors, in accordance with the definition of Related Parties in IAS 24.

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 18—TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

A. Transactions with and benefits to related parties

	Year ended December 31	
	2014	2015
	NIS in thousands	
CEO's salary*	1,209	1,804
Share-based payments portion	—	963
Remuneration of directors**	893	3,513
Share-based payments portion	44	2,455

* Regarding benefits to other key management personnel—see C below.

* In accordance with the CEO's employment agreement, the CEO will be eligible for a bonus based on qualitative criteria and parameters determined by the Company, which will amount to a maximum of four salaries, plus a special bonus based on the fulfillment of additional conditions.

** Including the effect of an agreement with one of the Company shareholders (who also serves as a director of the Company as from May 20, 2010) for research consulting services, in consideration of a monthly amount of NIS 32,000.

B. Balances with related parties:

	Year ended December 31	
	2014	2015
	NIS in thousands	
Other accounts payable (for payroll and related expenses)	(339)	(200)

C. Benefits for key officers

Compensation for the CFO, VP Research and Development, COO (from October 2015), Business Development Manager and VP Quality Assurance, defined as key management personnel for their services provided to the Company, is as follows:

	Year ended December 31	
	2014	2015
	NIS in thousands	
Salary and other short-term benefits	1,776	2,545
Share-based compensation	56	500
	1,832	3,045
Number of key managers	3	5

CollPlant Holdings Ltd.

Notes to the Consolidated Financial Statements (Continued)

NOTE 19—SUBSEQUENT EVENTS

a. On February 2, 2016, the Company completed a capital raise of NIS 8.2 million in gross proceeds to two institutional investors and to the public (issue expenses amounted to NIS 643,000). In consideration, the Company issued 17,237,710 of its ordinary shares, 12,930,505 Series I warrants at an exercise price of NIS 0.80 per share, for three years, and 8,618,855 Series J warrants at an exercise price of NIS 0.575 per share, up to July 31, 2016. In addition, under the terms of the Israeli broker agreement, the Company issued 814,520 Series I warrants to the transaction Israeli broker having the same terms as above.

b. On June 9, 2016, the Company completed a capital raise of NIS 11.8 million in gross proceeds to institutional investors and to the public (issue expenses amounted to NIS 900,000). In consideration, the Company issued 33,803,500 of its ordinary shares and 33,803,500 Series K warrants at an exercise price of NIS 0.60 per share, for three years. In addition, under the terms of the Israeli broker agreement, the Company issued 2,728,000 Series K warrants to the Israeli broker having the same terms as above.

COLLPLANT HOLDINGS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(UNAUDITED)

	December 31, 2015	March 31, 2016	Convenience translation into USD (Note 1B) March 31, 2016
	NIS In thousands		In thousands
Assets			
Current assets:			
Cash and cash equivalents	5,317	5,738	1,523
Receivables	3,241	3,972	1,055
	8,558	9,710	2,578
Non-current assets:			
Restricted deposit	565	544	144
Long-term receivables	73	66	18
Property and equipment, net	2,612	2,462	654
Intangible assets, net	1,721	1,721	457
	4,971	4,793	1,273
TOTAL ASSETS	13,529	14,503	3,851
Liabilities and equity			
Current liabilities:			
Accounts payable			
Trade payables	2,496	2,259	600
Other	1,254	1,328	353
TOTAL LIABILITIES	3,750	3,587	953
Equity:			
Ordinary shares	2,665	2,837	753
Additional paid in capital	140,704	147,890	39,270
Accumulated deficit	(133,590)	(139,811)	(37,125)
TOTAL EQUITY	9,779	10,916	2,898
TOTAL LIABILITIES AND EQUITY	13,529	14,503	3,851

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

COLLPLANT HOLDINGS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(UNAUDITED)

	Three months ended March 31		Convenience translation into USD (Note 1B) Three months ended March 31, 2016
	2015	2016	
	NIS in thousands		In thousands
Research and development expenses, net:			
Research and development expenses	4,029	8,319	2,209
Participation in research and development expenses	(1,550)	(2,915)	(774)
Research and development expenses, net	2,479	5,404	1,435
General, administrative and marketing expenses	1,114	2,035	540
Operating loss	3,593	7,439	1,975
Financial income	145	3	1
Financial expenses	19	191	51
Financial expenses (income), net	(126)	188	50
Comprehensive loss	3,467	7,627	2,025
Basic and diluted loss per ordinary share (NIS/USD)	0.01	0.03	0.01
Weighted average ordinary shares outstanding	241,392,352	273,905,071	

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

COLLPLANT HOLDINGS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(UNAUDITED)

	Ordinary shares	Additional paid in capital	Accumulated deficit	Total equity
	NIS in thousands			
BALANCE AS AT JANUARY 1, 2015	2,414	130,918	(119,021)	14,311
CHANGES IN THE THREE MONTH PERIOD ENDED MARCH 31, 2015:				
Comprehensive loss			(3,467)	(3,467)
Share-based compensation to employees and consultants			86	86
BALANCE AT MARCH 31, 2015	2,414	130,918	(122,402)	10,930
BALANCE AS AT JANUARY 1, 2016	2,665	140,704	(133,590)	9,779
CHANGES IN THE THREE MONTH PERIOD ENDED MARCH 31, 2016:				
Comprehensive loss			(7,627)	(7,627)
Share-based compensation to employees and consultants			1,406	1,406
Issue of shares and options, net of issue expenses of NIS 643 thousand	172	7,186		7,358
BALANCE AT MARCH 31, 2016	2,837	147,890	(139,811)	10,916

	Ordinary shares	Additional paid in capital	Accumulated deficit	Total equity
	Convenience translation into USD in thousands (Note 1B)			
BALANCE AS AT JANUARY 1, 2016	708	37,362	(35,473)	2,597
CHANGES IN THE THREE MONTH PERIOD ENDED MARCH 31, 2016				
Comprehensive loss			(2,025)	(2,025)
Share-based compensation to employees and consultants			373	373
Issue of shares and options, net of issue expenses of USD 171 thousand	45	1,908		1,953
BALANCE AT MARCH 31, 2016	753	39,270	(37,125)	2,898

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

COLLPLANT HOLDINGS LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(UNAUDITED)

	Three months ended March 31		Convenience translation into USD (Note 1B) Three months ended March 31, 2016
	2015	2016	
	NIS in thousands		In thousands
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net cash used in operations (see appendix)	(3,607)	(6,792)	(1,804)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property and equipment	(545)	(166)	(44)
Change in restricted deposit	(13)	21	6
Net cash used in investing activities	(558)	(145)	(38)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares and options, net of issue expenses		7,358	1,953
Net cash from financial activities	-,-	7,358	1,953
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,165)	421	111
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	11,062	5,317	1,412
EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS	137		
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7,034	5,738	1,523

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

COLLPLANT HOLDINGS LTD.

APPENDIX TO CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS - (Continued)

(UNAUDITED)

	Three months ended March 31		Convenience translation into USD (Note 1B) Three months ended March 31, 2016
	2015	2016	
	NIS in thousands		In thousands
APPENDIX TO THE STATEMENT OF CASH FLOW:			
CASH FLOWS FROM OPERATING ACTIVITIES:			
Loss for the period	(3,467)	(7,627)	(2,025)
Adjustments for:			
Depreciation and amortization	189	316	84
Share-based compensation to employees and service providers	86	1,406	373
Exchange differences on cash and cash equivalents	(137)		
	(3,329)	(5,905)	(1,568)
Changes in operating asset and liability items:			
Increase in other receivables	(490)	(731)	(195)
Decrease (increase) in other long-term receivables	(13)	7	2
Increase (decrease) in trade payables	176	(237)	(63)
Increase in other payables	49	74	20
	(278)	(887)	(236)
Net cash used in operations	(3,607)	(6,792)	(1,804)

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

COLLPLANT HOLDINGS LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

NOTE 1—GENERAL

A. CollPlant Holdings Ltd. is a clinical stage regenerative medicine company focused on developing and commercializing tissue repair products. Collplant's products, which focus on orthopedics and advanced wound healing, are based on recombinant human collagen extracted from tobacco plants using unique technology. Two of the Company's products are currently in clinical trials in Israel.

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

The Company has not yet generated income from its operations and as of March 31, 2016, has accumulated losses of NIS 140 million. In addition, the Company has losses amounting to NIS 7.6 million and a negative cash flow from operating activities of NIS 6.8 million, for the three months ended March 31, 2016. 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, grants from government authorities, and proceeds from strategic partners and 2.9 million U.S. dollars raised in June 2016 (see Note 5). Presently, the Company does not have sufficient cash resources to meet its business plans for the next twelve months.

The Company's plans for 2016 include focusing on orthopedics, including soft and hard tissue repair and advanced wound healing. The plan includes the introduction of two products in Europe: a syringe for treatment of chronic wounds and a product for treatment of tendon inflammation. The Company's plans also include signing a binding agreement with a leading U.S. orthobiologic company (for which a non-binding term sheet was signed) for the further development of a product for spinal fusion and trauma repair. The term sheet that was signed includes components of payments for a license based on milestones, royalties from future sales, a product supply agreement, financing of all the development costs, and financing for setting up a factory. The Company also continues to streamline manufacturing processes of collagen protein.

The Company is taking steps to raise additional financing to allow the continuation of operations beyond this period. These sources include signing and implementing a final agreement with the US company as detailed above and raising funds from private and/or institutional investors in Israel and overseas. It is uncertain whether the Company will be able to raise additional funds as aforesaid. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

The financial statements do not include adjustments for assets and liabilities and their classification which may be required if the Company is unable to continue as a going concern. If the Company is unable to raise the necessary funds, the Company may need to curtail or cease operations.

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 March 31, 2016 have been translated into U.S. dollars, at the representative rate of exchange on March 31, 2016 (USD 1 = NIS 3.766). 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.

COLLPLANT HOLDINGS LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

NOTE 1—GENERAL (Continued)

C. Approval of financial statements

These condensed financial statements were approved by the board of directors on July 18, 2016.

NOTE 2—BASIS OF PRESENTATION

A. General

The Company's condensed consolidated financial information as at March 31, 2016 and for the three months ended March 31, 2016 and 2015 ("the Interim Financial Information") is 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 reviewed together with the annual financial statements for 2015 and their accompanying notes, which were prepared in conformity with International Financial Reporting Standards, the standards and interpretations issued by the International Accounting Standards Board ("IFRS"), as issued by the International Auditing Standards Board.

In the opinion of management these financial statements reflect all adjustments that are of a normal recurring nature and that are considered necessary for a fair statement of the results of the periods presented. The results for the three months ended March 31, 2016 are not necessarily indicative of the results for the full fiscal year ending December 31, 2016.

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 these interim financial statements, significant judgments used by the management when applying the Company's accounting policies and the uncertainty in the principal assumptions underlying the estimates were similar to those in the Company's annual financial statements for the year ended December 31, 2015.

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 2015.

New standards that are not yet effective and which the Group did not choose to adopt ahead of their effective date are described in the Company's annual financial statements for 2015.

NOTE 4—EQUITY

On February 2, 2016, the Company completed a capital raise of NIS 8.0 million in gross proceeds to two institutional investors and to the public (issue expenses amounted to NIS 643,000). In consideration, the Company issued 17,237,710 of its ordinary shares of, 12,930,505 Series I warrants at

COLLPLANT HOLDINGS LTD.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

(UNAUDITED)

NOTE 4—EQUITY (Continued)

an exercise price of NIS 0.80 per share, for three years, and 8,618,855 Series J warrants at an exercise price of NIS 0.575 per share, up to July 31, 2016. In addition, under the terms of the Israeli broker agreement, the Company issued 814,520 Series I warrants to the Israeli broker having the same terms as above.

NOTE 5—SUBSEQUENT EVENTS

On June 9, 2016, the Company completed a capital raise of NIS 11.8 million in gross proceeds to institutional investors and to the public (issue expenses amounted to NIS 900,000). In consideration, the Company issued 33,803,500 of its ordinary shares and 33,803,500 Series K warrants at an exercise price of NIS 0.60 per share, for three years. In addition, under the terms of the Israeli broker agreement, the Company issued 2,728,000 Series K warrants to the Israeli broker, having the same terms as above.

American Depositary Shares

Each Representing Ordinary Shares

Book-Running Manager

Ladenburg Thalmann

Co-Manager

Brean Capital

The date of this prospectus is , 2016.

Until and including , 2016 (25 days after the date of this prospectus), all dealers that buy, sell or trade our ordinary shares or ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers

An Israeli company may indemnify an office holder with respect to certain liabilities either in advance of an event or following an event provided that a provision authorizing such indemnification is inserted in its articles of association. Our articles of association contain such a provision.

An undertaking provided in advance by an Israeli company to indemnify an office holder with respect to a financial liability imposed on him or her in favor of another person pursuant to a judgment, settlement or arbitrator's award approved by a court must be limited to events which in the opinion of the board of directors can be foreseen based on the Company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking must detail the abovementioned events and amount or criteria.

In addition, a company may indemnify an office holder against the following liabilities incurred for acts performed as an office holder:

- monetary liability incurred by the office holder in favor of another person according to judgment, including judgment following settlement or arbitral proceeding.
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that:
  - no indictment was filed against such office holder as a result of such investigation or proceeding; and
  - no financial liability, such as a criminal penalty, was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent or as a monetary sanction; and
- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the Company, on its behalf or by a third party or in connection with criminal proceedings in which the office holder was acquitted or as a result of a conviction for a crime that does not require proof of criminal intent.

An Israeli company may insure a director or officer against the following liabilities incurred for acts performed as a director or officer:

- a breach of duty of care to the Company or to a third party, including a breach arising out of the negligent conduct of an office holder;
- a breach of duty of loyalty to the Company, provided the director or officer acted in good faith and had a reasonable basis to believe that the act would not prejudice the interests of the Company; and
- financial liabilities imposed on the office holder for the benefit of a third party.

An Israeli company may not, however, indemnify or insure an office holder against any of the following:

- a breach of duty of loyalty, except to the extent that the office holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the interests of the Company;
- a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive unlawful personal benefit; or

- a fine, monetary sanction, penalty or forfeit levied against the office holder.

The Israeli Securities Law, provides that a company cannot obtain insurance against or indemnify a third party (including its officers and/or employees) for any administrative procedure conducted by the Israeli Securities Authority and/or monetary fine (other than for certain legal expenses and payments of damages to an injured party). The Israeli Securities Law permits insurance coverage and/or indemnification for certain liabilities incurred in connection with an administrative procedure, such as reasonable legal fees and certain compensation payable to injured parties for damages suffered by them, provided that such insurance and/or indemnification is permitted under the company's articles of association. Our articles of association contain such a provision.

Under the Israeli Companies Law, indemnification and insurance of office holders must be approved by our compensation committee, our board of directors and, in certain circumstances, also by our shareholders.

We have obtained directors' and officers' liability insurance for the benefit of our office holders and intend to continue to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Israeli Companies Law, Securities Law and our articles of association. In addition, we have entered into indemnification and exculpation agreements with each of our directors and office holders providing them with indemnification for liabilities or expenses incurred as a result of acts performed by them in their capacity as our, or our subsidiaries', directors and officers. This indemnification is limited both in terms of amount and coverage. In the opinion of the SEC, however, indemnification of directors and office holders for liabilities arising under the Securities Act is against public policy and therefore unenforceable. In addition, we have entered into exculpation agreements with each of our directors and office holders providing them with exculpation from any liability for any negligent wrongdoing against us, as a result of acts performed by them in their capacity as our, or our subsidiaries', directors and officers.

The Israeli Securities Law provides that a company cannot obtain insurance against or indemnify a third party (including its officers and/or employees) for any administrative procedure conducted by the Israeli Securities Authority and/or monetary fine (other than for certain legal expenses and payments of damages to an injured party). The Israeli Securities Law permits insurance coverage and/or indemnification for certain liabilities incurred in connection with an administrative procedure, such as reasonable legal fees and certain compensation payable to injured parties for damages suffered by them, provided that such insurance and/or indemnification is permitted under the company's articles of association.

We have included in our amended and restated articles of association and in our compensation policy, applicable provisions with respect to directors' and officers' liability insurance for the benefit of our office holders, as well as with respect to indemnification and exculpation of office holders.

Item 7. Recent Sales of Unregistered Securities

The following is a summary of transactions during the three years preceding this offering, involving offers and sales of our securities which took place outside the United States and were not registered under the Securities Act. U.S. dollar translations of NIS amounts are translated using the rate of NIS 3.766 to one U.S. dollar, the exchange rate reported by the Bank of Israel for March 31, 2016.

- On July 4, 2013, our board of directors approved the grant of options to purchase 270,000 ordinary shares to our employees, including one of our officers, at a price per share of NIS 0.44 ($0.12), with a vesting period and other terms in compliance with our compensation policy.

- On September 29, 2013, our shareholders approved the grant of options to purchase 354,177 ordinary shares to Yehiel Tal, Prof. Oded Shoseyov and to Efi Cohen Arazi (our former chairman), at a price per share of NIS 0.30 ($0.08).

- On November 26, 2013, we issued and sold 16,856,173 ordinary shares at a price per share of NIS 0.53 ($0.14) to Trauwin Pte Ltd., pursuant to a private offering, for aggregate gross proceeds of NIS 9.4 million ($2.5 million).

- On December 18 and 24, 2013, we issued and sold 68,313,000 ordinary shares at a price per share of NIS 0.30 ($0.08) and warrants (Series F) to purchase 75,144,300 ordinary shares at an exercise price of NIS 0.70 ($0.19) per share to Israeli institutional investors and the Israeli public pursuant to two consecutive public offerings, for aggregate gross proceeds of $5.65 million. The following owners of our ordinary shares participated in these offerings: Docor Levi Lassen BV acquired 2,802,000 ordinary shares, and Prof. Oded Shoseyov acquired 110,000 ordinary shares.

- On January 9, 2014, we issued and sold 4,517,626 ordinary shares to Mr. Yehiel Tal, our chief executive officer, pursuant to his exercise of options, for aggregate proceeds of NIS 45,000 ($11,940).

- On September 8, 2014, our board of directors approved the grant of options to purchase 400,000 ordinary shares to Nadav Orr, our vice president of research and development, at a price per share of NIS 0.254 ($0.07), with a vesting period and other terms in compliance with our compensation policy.

- On October 29, 2014, our shareholders approved the grant of options to purchase 7,241,770 ordinary shares to Yaron Yaniv, our former chairman of the board of directors, at a price per share of NIS 0.26 ($0.07), which terms are in compliance with our compensation policy (except for the vesting period).

- On May 18, 2015, our board of directors approved the grant of options to purchase 8,450,000 ordinary shares to our employees and service providers, including three of our officers, at a price per share of NIS 0.60 ($0.16), with a vesting period and other terms in compliance with our compensation policy.

- On July 1, 2015 we issued and sold 24,951,000 ordinary shares, including 16,788,419 ordinary shares at a price per share of NIS 0.449 ($0.12) and 8,162,581 ordinary shares at a price per share of NIS 0.4978 ($0.13), as well as 9,296,284 Series G warrants exercisable at an exercise price of NIS 0.80 ($0.21) per share and 4,152,764 Series H warrants exercisable at an exercise price of NIS 0.8478 ($0.23) per share, for gross proceeds of $3.0 million.

- On July 30, 2015, our shareholders approved the following grant: options to purchase 10,000,000 ordinary shares to Prof. Oded Shoseyov, at a price per share of NIS 0.60 ($0.16); options to purchase 5,670,000 ordinary shares to our Yehiel Tal, at a price per share of NIS 0.60 ($0.16); and options to purchase 670,000 ordinary shares to each of Xiaojin Qian, Adi Goldin, Ira Leiderman, and a former director, at a price per share of NIS 0.60 ($0.16), all with a vesting period and other terms in compliance with our compensation policy. Such grants were approved by our board of directors prior to shareholders' approval.

- On August 31, 2015, our board of directors approved the grant of options to purchase 600,000 ordinary shares to Shomrat Shurtz; and options to purchase 700,000 ordinary shares to Dr. Ilana Belzer, at a price per share of NIS 0.85 ($0.23), with a vesting period and other terms in compliance with our compensation policy and subject to further approval by our shareholders.

- On February 2, 2016, in a financing we issued and sold 17,237,710 ordinary shares at a price per share of NIS 0.475 ($0.13), as well as 12,930,505 Series I warrants exercisable at an exercise price of NIS 0.80 ($0.21) per share and 8,618,855 Series J warrants exercisable at an exercise price of NIS 0.575 ($0.15) per share, for gross proceeds of $2.1 million. In addition, under the terms of the underwriting agreement, we issued 814,520 Series I warrants to the Israeli underwriters in the transaction under the same conditions set out above.

- On June 9, 2016, in a financing we issued and sold 33,803,500 ordinary shares at a price per share of NIS 0.35 ($0.09), as well as 33,803,500 Series K warrants exercisable at an exercise price

of NIS 0.60 ($0.16) per share, for gross proceeds of $3.1 million. In addition, under the terms of the underwriting agreement, we issued 2,728,000 Series K warrants to the Israeli underwriters in the transaction under the same conditions set out above. The following owners of our ordinary shares participated in these offerings: Docor Levi Lassen BV acquired 2,286,000 ordinary shares and 2,286,000 Series K warrants, and Meitav Dash acquired 8,181,500 ordinary shares and 8,181,500 Series K warrants.

The above-mentioned sale of securities were offered and sold for cash for the aggregate sum of approximately NIS 58.3 million ($15.5 million) (excluding consideration received for Mr. Tal's exercise of options of NIS 45,000 ($11,940)).

Item 8. Exhibits and Financial Statement Schedules

The exhibit index attached hereto is incorporated herein by reference.

Item 9. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Ness-Ziona, State of Israel, on , 2016.

COLLPLANT HOLDINGS LTD.

By: _____	By: _____
Name: Yehiel Tal Title: *Chief Executive Officer*	Name: Eran Rotem Title: *Chief Financial Officer*

POWER OF ATTORNEY

The undersigned officers and directors of CollPlant Holdings Ltd. hereby constitute and appoint Yehiel Tal and Eran Rotem, and each of them singly, with full power of substitution, our true and lawful attorneys-in-fact and agents to take any actions to enable the Company to comply with the Securities Act, and any rules, regulations, and requirements of the SEC, in connection with this registration statement on Form F-1, including the power and authority to sign for us in our names in the capacities indicated below any and all further amendments to this registration statement and any other registration statement filed pursuant to the provisions of Rule 462 under the Securities Act.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures	Title	Date
_____ Yehiel Tal	Chief Executive Officer (Principal Executive Officer)	
_____ Eran Rotem	Chief Financial Officer (Principal Financial and Accounting Officer)	
_____ Adi Goldin	Interim Chairman of the Board	
_____ Orli Tori Trubowicz	Director	
_____ Xiaojin (Tony) Qian	Director	
_____ Rami Armon	Director	

Signatures	Title	Date
Oded Shoseyov	Director	
Abraham Havron	Director	
Ira Leiderman	Director	

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of CollPlant Holdings Ltd., has signed this registration statement on , 2016.

PUGLISI & ASSOCIATES

By: _____

Name: Donald J. Puglisi
Title: *Managing Director*

EXHIBIT INDEX

Exhibit Number	Exhibit Description
1.1*	Form of Underwriting Agreement by and among the Company and the underwriters named therein
3.1	Memorandum of Association of the Company (unofficial English translation from Hebrew original)
3.2	Amended and Restated Articles of Association of the Company, as currently in effect
4.1	Deposit Agreement by and between the Company and Bank of New York Mellon (incorporated by reference to Form F-6 filed February 20, 2015, as amended)
4.2*	Specimen ADR Certificate
5.1*	Opinion of Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co. Law Offices, Israeli counsel to the Company, as to the validity of the ordinary shares being offered (including consent)
10.1	Form of Letter of Exemption and Form of Letter of Indemnification
10.2†	Agreement, dated July 13, 2004, by and among Meytav—Technological Innovation Center Ltd., Yehuda Zafrir Fagin, Yissum Research Development Company of the Hebrew University of Jerusalem Ltd., or Yissum, and Prof. Oded Shoseyov (includes unofficial English translation of certain exhibits from Hebrew original)
10.3#	Employee Share Ownership and Option Plan (2010)
10.4	Lease Agreement, dated June 19, 2008, by and between the Company and Africa Israel Properties, Ltd., as amended (unofficial English translation from Hebrew original)
10.5#	Employment Agreement dated September 30, 2009 between CollPlant Ltd. and Yehiel Tal
10.6#	Employment Agreement dated October 30, 2011 between CollPlant Ltd. and Eran Rotem
10.7#	Consululting and Services Agreement dated as of August 10, 2008 between CollPlant Ltd. and Prof. Oded Shoseyov
21.1	List of subsidiaries of the Registrant
23.1*	Consent of Kesselman & Kesselman, Independent Registered Public Accounting Firm
23.2*	Consent of Gross, Kleinhendler, Hodak, Halevy, Greenberg & Co. Law Offices (included in Exhibit 5.1)
24.1	Power of Attorney (included on the signature page of the Registration Statement)

* To be filed by amendment.

† Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a confidential treatment request.

Management contract or compensatory plan.

Exhibit 3.1

[Translated from Hebrew]

THE COMPANIES ORDINANCE

A COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

SHELEG TEXTILE LTD.

1. Name of the Company: Sheleg Textile Ltd.

2. The goals for which the Company was established are:

A. To engage in various textile businesses.

B. To manage and to engage in textile business of any kind, including businesses of sewing, knitting, weaving, dyeing, curing, etc.

C. To acquire, to receive or to hold in any other way, to establish, to manage, to sell, to rent and to deliver factories, sewing factories, mills, workshops and enterprises in the textile sector and any related property whether directly or indirectly related to textile industry.

D. To buy, sell, rent and lease all textile related products of all sorts.

E. To manage schools, courses and so forth relating to the textile industry.

F. To act as agents or representatives and to serve as proxies of every person and entity and for all matters, as shall be determined by the Board of Directors the Company.

G. To produce textile products of any kind.

H. To manage stores and commercial establishments for various textile products.

I. To take any action aimed at the sales promotion including, *inter alia*, commercial promotions, advertisement, fashion shows, public events etc.

J. To buy, to receive in any way, all kinds of copyrights, usage rights or utilization rights, patents, rights regarding patents, invention rights and licenses (hereinafter: the "**Copyrights**") the Company believes may bring her benefit, to protect, extend or renew, in or out of Israel, such Copyrights, to use, work by, take advantage of, execute all agreements and actions in relation to the use or exploitation or production of any of the Copyrights and to grant licenses and rights regarding same.

K. To buy, sell, import, export, prepare, market and trade in raw materials and textile products, and to conduct businesses as traders, importers and exporters of textile products and any other product as determined by the Board of Directors of the Company.

L. To purchase by a signature, buy, exchange or otherwise, shares, stocks, debt securities, bonds, bearer notes, obligations, guarantees and securities, issued or made by any company, corporation, government, governmental or public body, whether central, municipal or local, whether in Israel or abroad, to hold, manage, pawn, pledge, sell, transfer, trade, and to engage in all kind of , shares, stock, debts securities, bonds stocks, bearer notes, obligations,

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guarantees and other such securities, to propose public offerings, to help in their sales and guarantee for capital dividends and interest on them.

M. To buy, sell, lease, rent or purchase in any way, to hold assets or benefits, all kinds of lands, buildings, rights, discounts, priority rights, concessions, licenses, machinery, goods, work tools and all kinds of real estate or chattel property necessary or appropriate for the Company for the purposes of its business, or in connection with its business, or in connection with the business of any of its branches or departments.

N. To invest in the industry, housing and construction projects, agriculture, development projects, transportation, shipping, aviation, banking, loans and mortgages businesses, trade and any other investments that are, either by acquisition or in return to a guarantee of shares, stock, bonds, stock bonds, securities, obligations, guarantees, mortgages, charges and liens of any kind.

O. To borrow funds for the Company or in connection therewith, and to charge by fixed charge or floating charges, any of the Company's business and all its assets and properties of any kind or nature, including unpaid funds and reputation.

P. To perform any of the activities or operations specified in the Second Addendum to the Companies Ordinance.

Q. To perform all those activities connected or associated with goals included in this Memorandum of Association, expressly or impliedly, or that may assist, facilitate or add in any way to achieve aforesaid goals, in whole or in part.

R. Notwithstanding, and in addition to the aforesaid, to take all the steps listed above in order to achieve any goal determined by the managers, from time to time.

S. In addition, it was agreed and stipulated that, unless explicitly written otherwise in this Memorandum of Association, each of the goals and approved activities listed in each of the aforesaid sections of this section, including taking into consideration Section Q of this section- and in each of the provisions of the Second Addendum to the Companies Ordinance, are material objectives, independent of each other, and shall not be restricted or reduced in any manner by way of interpretation of any of this section's sub sections above, or any other provision of the Second Addendum to the Companies Ordinance, or pursuant to the Company's name or by relying on it.

T. In addition to the above, the Company is entitled to engage in any lawful business (in effect as of November 20, 2003).

3. The liability of the members is limited by shares.

4. The share capital of the Company is NIS 15,000,000 divided into 15,000,000 shares- NIS 1.0 par value each.

The Company shall be entitled to increase its share capital, and by doing so, to issue other shares, ordinary or preferred or having other special rights, at any conditions it deems necessary, furthermore the Company will be entitled to distribute the registered shares to shares with special rights.

Rights involved from time to time in the shares or in other types of shares, whether among the original share capital or the increased capital, could be changed or dealt with in accordance with the Company's Articles of Association.

5. The majority required for amending the provisions of this Memorandum of Association, which the general meeting is authorized to amend, is a simple majority

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of votes of shareholders.

We, the persons and entities whose names and addresses are listed below, desire to incorporate as a company pursuance to this Memorandum of Association, and agree to take the number of Company shares set opposite to our names listed below.

Signatories Names	Addresses and Descriptions	Number and Type of Shares Taken by each Signatory	Signatures
Srigey Levanon Ltd. No. 510519473	Industrial Zone, Petah Tikva Industrial Factory	3338 Ordinary Shares 1 Management Shares	
Shlomo Weinbaum I.D	Industrialist	1 Ordinary Shares	

Date: 10/24/81 Witness to signatures:

Exhibit 3.2

[Translated from Hebrew]

Articles of Association

Of

COLLPLANT HOLDINGS LTD*

* Previously S.L.G. (Textile) Ltd; previously Portfolio Green Ltd.

Interpretation

1. As used in these Articles, the following terms shall have the respective meanings set forth beside them below, unless context otherwise requires:

"Person" — Including a corporation;

"Shareholder" — A registered and/or an unregistered shareholder. In the event of a record date within its meaning in Section 182 of the Companies Law a shareholder who was a

shareholder on the record date shall be deemed as a shareholder;

"Registered shareholder"	—	A shareholder who is registered in the Shareholders' Register of the Company;
"Unregistered shareholder"	—	A shareholder in whose favor a share is registered in a stock exchange member and the said share is included among the shares included in the Shareholders' Register of the Company in the name of a nominee company.
"Stock Exchange"	—	Tel Aviv Stock Exchange Ltd;
"The Board of Directors"	—	The board of directors that was lawfully elected in accordance with the provisions set forth in these Articles;
"Director"	—	A member of the Board of Directors of the Company and whoever serves as director irrespective of his title;
"Companies Law"	—	Companies Law 5759-1999, as amended from time to time and the regulations promulgated or that will be promulgated thereunder;
"The Law"	—	The Companies Law, the Securities Law 5728-1968 as amended from time to time and the regulations promulgated or that will be

promulgated thereunder and any other law that is in effect in connection with companies and that applies to the Company at the time;

"The Company"	—	The Company specified above;
"The Register"	—	The Shareholders' Register kept in accordance with the provisions set forth in Section 127 of the Companies Law and, if the Company holds another register outside Israel — any additional register as the case may be;
"The Office"	—	The registered office of the Company in its address at the time and that will be changed in accordance with the instructions set forth by the Board of Directors of the Company;
"In writing"	—	Print, lithography, photocopy, telegram, telex, fax, email, and any other form of work or print of words in a visible manner;
"Securities"	—	Including shares, bonds, capital notes, certificates and other instruments conferring the right to sell, convert or sell for such instruments;
"Companies Ordinance"	—	Companies Ordinance [New Version] 5743-1983;
"The Articles"	—	The Articles of Association of the Company as specified herein or as amended'

2. The provisions set forth in Sections 2, 3, 4, 5, 6, 7, 8, 10 of the Interpretation Law 5741-1981 shall apply also to the interpretation of the Articles, *mutatis mutandis* unless there is no other provision regarding the matter under discussion and if the matter under discussion or context thereof contain any statement that is not consistent with such application as aforesaid.

3. Save as provided in this section, each word and expression in the Articles shall have the meaning assigned to them in the Companies Law unless such meaning is in contradiction to the subject matter or content of the said.

4. Provisions which can be made the subject of conditions, shall apply to the company unless stated otherwise herein, and in any event of conflict between the said provisions of the Companies Act and those hereof, the provisions hereof shall prevail.

5. Should these Articles make reference to a provision in the Companies Law and the said provision was amended or canceled, the said provision shall be deemed to be in effect and as part of the Articles unless this is prohibited by law.

6. Anywhere in these Articles where the requisite majority to pass a resolution in the General Meeting or in the Board of Directors is not indicated, the requisite majority for the purpose of passing the said resolution shall be deemed as an ordinary majority.

Name of the Company

7. The name of the Company is as follows:

In Hebrew: [ ]

In English: **CollPlant Holdings Ltd.**

Objects of the Company

8. The Company may engage in any lawful business subject to the objects of the Company that are specified in the Memorandum of Association of the Company.

Purpose of the Company

9. The purpose of the Company is to act in accordance with business considerations to increase its profit however the Company may donate a reasonable amount for a worthy cause even if the donation is not part of the business considerations of the Company as specified above and at the discretion of the Board of Directors of the Company.

Registered share capital

10.

(a) The registered share capital of the Company is NIS 15,000,000 subdivided into 1,500,000,000 ordinary shares NIS 0.01 par value each (hereinafter: "**The Shares**").

(b) All ordinary shares shall have equal rights among them for all intents and purposes and each ordinary share in respect of which all calls for payment were fully repaid shall confer on its holder:

(1) The right to be invited and attend all General Meetings of the Company and a right for one vote in respect of each ordinary share he holds in each vote in every General Meeting of the Company he attended;

(2) The right to receive dividends if and when distributed and the right to receive bonus shares, if distributed;

(3) The right to participate in the distribution of the assets of the Company upon its liquidation.

Liability of shareholders

11. The liability of shareholders is limited, as specified in the Memorandum of Association of the Company and in the Companies Law. For the purpose of this matter each shareholder is liable solely for repayment of the par value of his shares. In the event the Company allotted shares for a price lower than their par value, the liability of each shareholder shall be limited for repaying the reduced consideration in respect of each share allotted that shareholder as aforesaid.

Public company

12. The Company shall be a public company subject to the provisions set forth in the Companies Law, and as long as the shares of the Company are listed for trade in the Stock Exchange or were offered to the public in a prospectus within its meaning in the Securities Law, or were offered to the public outside Israel in accordance with a public offer document that is required by law outside Israel and are held by the public.

Shares

13. Without derogating from the prior special rights granted to the holders of existing Shares in the Company, the Company may issue or allot Shares and other securities in preference rights or in deferred rights or issue from the capital that was not yet issued redeemable securities or issue Shares with limited rights or other special rights or under restrictions in connection with the distribution of dividends, voting rights, or in connection with other matters, as set forth by the Company from time to time in a resolution that will be passed in the General Meeting by a majority of shareholders(2) .

14. If at any time the share capital is divided into different classes of Shares the Company may, in a resolution passed by an ordinary majority in the General Meeting, unless the terms of issue of the said class of Shares stipulate otherwise, convert, expand, add or modify in any other manner the rights, privileges, advantages, restrictions and provisions that are related or not related to one of the classes at the time or as set forth in a resolution passed in the General Meeting in an ordinary majority of the shareholders holding the said class.

15. The special rights granted to the holders of Shares or classes of Shares that were issued, including Shares in preference rights or in other special rights shall not be deemed to have been modified by the creation or issue of additional Shares of equal class unless

otherwise stipulated in the terms of issue of the said Shares. The provisions set forth in these Articles regarding General Meetings shall apply to each Class Meeting as aforesaid, *mutatis mutandis*.

16. Shares of the Company that are not issued shall be under the supervision of the Board of Directors that may allot the said Shares up to the limit of the registered share capital of the Company to persons, for cash or for any other consideration not in cash, under the same terms and restrictions, whether over their par value, whether for their par value and for a consideration lower than their par value (in accordance with the provisions set forth in the Companies Law) and on the dates that the Board of Directors deems fit, and the Board of Directors shall be entitled to serve to any person a call for payment in respect of such Shares as aforesaid in their par value or over their par value or for a consideration lower than their par value during the same period and for the same price and under the same terms as the Board of Directors deems fit.

(2) Subject to the provisions set forth in Section 46B of the Securities Law 5728-1968.

17. Upon the allotment of Shares the Board of Directors may set out differences between shareholders regarding the amounts of the calls of payment and/or their times of payment.

18. If according to the terms of issue of any Share payment of the consideration in respect of that Share, in whole or in part, is in installments, each installment as aforesaid shall be paid to the Company at the time of its repayment by the person who is the registered holder of the Share at the time or by his guardians.

19. The Company may pay at any time commission to any person for his position as an underwriter or his consent to serve as an underwriter, whether conditionally or not, in respect of any security, including stock bonds of the Company or his consent to sign, whether conditionally or not, any security, bonds or stock bonds of the Company. In any event, the commission may be paid or settled in cash or securities or bonds or bonds stock of the Company.

Share certificate; bearer share certificate

20. Subject to and in accordance with the provisions set forth in the Companies Law, a share certificate attesting to the proprietary right in the shares shall bear the stamp of the Company or its printed name, in addition to the signature of one director and the Secretary or as set forth by the Board of Directors of the Company.

21. Each registered shareholder (including the nominee company) is entitled to receive from the Company, at his request, one share certificate in respect of the shareholders listed in his name or, if so approved by the Board of Directors (after paying the amount that the Board of Directors sets from time to time), a number of share certificates each for one or more of the said Shares; each share certificate shall indicate the number of Shares in respect of which it was issued and the serial numbers of the shares, the par value of the shares and subject to the provisions set forth in the Companies Law.

22. A share certificate registered in the name of two persons or more shall be delivered to the person whose name is first listed in the Shareholders' Register with respect to that Share out of the names of the joint holders unless all registered holders of that Share deliver written instructions to deliver the said share certificate to another registered holder.

23.

(a) The Company may deliver a bearer share certificate in respect of Shares whose full consideration was paid and that shall confer on their holder the

rights for the Shares specified in the bearer share certificate and the right to transfer his rights upon delivery of the Share and the provisions set forth in these Articles regarding transfer of Shares shall not apply to the Shares specified in the bearer share certificate.

(b) A shareholder holding a bearer share certificate by law shall be entitled to return the said bearer share certificate to the Company for the purpose of its revocation and conversion into a registered share and shall be entitled to, in consideration of payment of fees as determined by the Board of Directors, that his name shall be listed in the Shareholders' Register in respect of the Shares specified in the bearer share certificate and that a registered share certificate shall be issued for him.

(c) The holder of a bearer share certificate may deposit the bearer share certificate in the Office and as long as the bearer share certificate is kept in the Office the holder that deposited the certificate shall be entitled to demand to convene a meeting of the Company in accordance with and subject to the provisions set forth in the Companies Law and these Articles, attend thereat, vote and exercise the rights to granted to a shareholder in each meeting that is convened in accordance with his demand 48 hours after the deposit as if his name was listed in the Shareholders' Register as the holder of the Shares that are listed in the bearer share certificate. Only one person shall be acknowledged as the person that deposited the Share and the Company shall be obligated to return the bearer share certificate to the depositing shareholder if the said shareholder so requested in writing at least two days in advance.

In the event the said bearer share certificate was not deposited as aforesaid, the holder of the certificate shall not be entitled to the rights granted under this subsection (c) and shall be entitled to all the other rights granted to a shareholder in the Company.

24. If a share certificate or a bearer share certificate is lost, defaced or mutilated, the Board of Directors may issue a new share certificate or a bearer share certificate in their place and provided that the share certificate or the bearer share certificate were not revoked by the Company or that it was proven to the satisfaction of the Board of Directors that the share certificate or the bearer share certificate were lost or destroyed and the Company received securities to the satisfaction of the Board of Directors in respect of any possible damage, and all for payment, whether the Board of Directors decides to impose payment. The provisions set

forth in Articles 20-23 above shall also apply to the issuance of a new share certificate, *mutatis mutandis*.

Calls for payment(3)

25. From time to time and at its sole discretion the Board of Directors may serve to shareholders calls for payment for all payments not yet paid in respect of the Shares held by each of the shareholders and that, according to the terms of issue of the Shares, may not be repaid in fixed times, and each shareholder shall pay to the Company the amount of the call served upon him in the time and the place as set forth by the Board of Directors. A call for payment may be made in installments. The date of the call for payment shall be the date of the resolution of the Board of Directors on the call for payment.

26. A fourteen (14) days' advance notice shall be delivered in respect of each call for payment specifying the amount of payment and its place of payment. Notwithstanding the aforesaid, prior to the payment of the said call for payment the Board of Directors may, by delivery of written notice to the shareholders, cancel the call or extend its payment date, and provided that such resolution as aforesaid was passed prior to the payment date of the call for payment.

27. The joint holders of a share shall be held liable jointly for the payment of all payments and calls for payment that are due in respect of the said share.

28. If according to the terms of issue of a share or in any other manner any amount is due on a fixed date or in installments in fixed dates, then such amount or such installment as aforesaid shall be settled as if it was a call for payment duly served and notified by the Board of Directors and the provisions set forth in these Articles regarding calls for payment shall apply to such payment or installment.

29. If the amount of the call for payment or the installment is not settled on its payment date or prior to the said date, the person who is the holder of the Share in respect of which a call for payment was served or for which payment is due shall pay interest for the amount specified above at a rate to be determined by the Board of Directors from time to time or in a rate that is permissible at the time by law as of the date set for payment and until the date payment is made, however the Board of Directors may waive payment of interest, in whole or in part.

(3) It should be noted that notwithstanding the provisions set forth hereunder, as long as the shareholders of the Company are listed for trade in the Stock Exchange, the Shares of the Company shall be fully paid-up.

30. If the Board of Directors deems fit, it may receive from a shareholder who desires to forward payments that were not yet called or whose payment date was not yet due and that were not yet settled on account of his Shares or any part thereof. The Board of Directors may pay to the shareholders for the payments that were forwarded in the manner specified above or a part thereof, interest until the date the payments should have been paid if these payments had not been forwarded according to a rate to be agreed upon between the Board of Directors and the shareholder.

Forfeiture and charge of shares(4)

31. In the event a shareholder failed to pay the consideration undertaken by him, in whole or in part, on the date and under the terms that were set, whether or not a call for payment was issued, the Board of Directors may at any time deliver notice to the said shareholder and demand from him to pay the unpaid amount together with the interest that accrued and all expenses that the Company incurred in respect of the said unsettled amount.

32. The notice shall specify a date that shall be at least fourteen (14) days after the date of notice and a place or places where the call for payment or the installment specified above shall be paid, together with the interest and the expenses as specified above. The notice shall specify that in circumstances of failure to make payment on the date set and in the place set in that notice, the Company may forfeit the Shares in respect of which the call for payment was served or the date of payment of the installment was due.

33. In the event the demands set forth in the notice specified above are not fulfilled then at any time thereafter, prior to paying for the

call for payment or paying the interest and the expenses in connection with the said Shares, the Board of Directors may, upon passing a resolution to that effect, forfeit the Shares in respect of which such notice was delivered as aforesaid. Such forfeiture shall include all dividends that were declared with respect to the forfeited shares and that were not actually paid prior to the forfeiture.

34. Each Share that was forfeited as aforesaid shall be deemed as the property of the Company and the Board of Directors may, taking into account the provisions set forth in these Articles, sell the said Share, reallot it or transfer it in any other manner as it deems fit subject to the provisions set forth in the Companies Law.

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(4) It should be noted that notwithstanding the provisions set forth hereunder, as long as the shareholders of the Company are listed for trade in the Stock Exchange, the Shares of the Company shall be fully paid-up

35. Forfeited Shares that were not yet sold shall be dormant shares and shall not confer any rights on their holders as long as they are held by the Company.

36. Any time prior to a sale, reallotment or transfer in any other manner of any forfeited share as aforesaid the Board of Directors may cancel the forfeiture under the terms that the Board of Directors deems fit.

(a) Each shareholder whose Shares were forfeited shall cease to be the holder of the forfeited shares as aforesaid however shall continue to owe to the Company all calls for payment, installments, interest and expenses due on account of or for these shares at the time of forfeiture, in addition to interest in respect whereof as of the date of forfeiture and until the payment date in the maximum rate permissible by law at the time unless the forfeited shares were sold and the Company received the full consideration the shareholder undertook to pay in addition to expenses related the sale.

(b) In the event the consideration obtained following the sale of the forfeited shares exceeded the consideration the holder of the forfeited shares undertook to pay as aforesaid, the shareholder shall be entitled to receive part of the consideration paid in respect whereof, if any, subject to the provisions set forth in the allotment agreement and provided that the consideration left with the Company shall not fall below the full consideration the holder of the forfeited shares undertook to pay in addition to the expenses in respect of the sale.

37. The provisions set forth in these Articles regarding the forfeiture of shares shall also apply to circumstances of default in payment of any known amount whose payment date is due on a fixed date in accordance with the terms of issue of the share, as if the said amount was about to be paid by virtue of a call for payment that was duly delivered and notified.

38. The Company shall have senior charge over all Shares listed in the name of each shareholder, except for fully paid-up shares and the proceeds obtained from their sale for the settlement of the debts and undertakings of the said shareholder to the Company, whether by himself and whether with any other person, whether or not the settlement date of these debts or the performance date of these undertakings was due irrespective of the cause of the debts and no equitable right shall be created in respect of any of the shares. The lien and charge specified above shall apply to all the dividends that are declared from time to time over these Shares.

Unless otherwise decided the registration of the Company of the transfer of shares shall be deemed as waiver on behalf of the Company on the charge or lien (if any) of the shares.

39. In order to enforce the charge specified above the Board of Directors may sell the charged shares in any manner it deems fit and at its discretion; however a share may not be sold if the period specified in Article 32 above lapsed and a written notice was delivered to the shareholder (or whoever is entitled to receive notice due to the death or bankruptcy or liquidation or receivership) stating that the Company intends to sell the share and the shareholder or whoever is entitled to a share as aforesaid did not pay the debts specified above or failed to fulfill or did not fulfill the undertakings specified above for a period of fourteen (14) days as of the date of delivery of this notice.

40. The proceeds obtained from such sale as aforesaid, after settlement of the sale expenses, shall be used to settle the debts and fulfill the obligations of such shareholder (including the debts, obligations and engagements whose settlement or performance date was not yet due) and the provisions set forth in Article 36(b) shall apply, *mutatis mutandis*.

41. In the event of sale after forfeiture or for the purpose of enforcing a charge by exercising the rights granted above, the Board of Directors may appoint a person to sign an instrument of transfer of the Share that was sold and record the name of the purchaser in the Shareholders' Register as the holder of the sold shares and after the name of the aforesaid person is recorded in the Shareholders' Register with respect to these shares the effect of the sale shall not be contested and the sole remedy of any person who was injured by the sale shall be by way of claim of damages solely from the Company.

Transfer and delivery of shares

42. Each transfer of Shares registered in the Shareholders' Register in the name of a registered shareholder, including transfer by or to

the Nominee Company shall be made in writing and provided that the instrument of transfer shall be signed solely by the transferor and the transferee whether by themselves or their representatives and by witnesses to their signature and the transferor shall be deemed to be the shareholder until the name of the transferee is recorded in the Shareholders' Register in respect of the transferred Share. Subject to the provisions set forth in the Companies Law, the transfer of shares shall not be recorded unless an instrument of transfer is furnished to the Office of the Company, as specified above.

The instrument of transfer of a share shall be prepared and filled in the form specified hereunder or any substantially similar form or in any ordinary or acceptable form as approved by the Chairman of the Board:

"I of ("Transferor") in consideration of the amount of NIS paid to me by of ("Transferee") do hereby transfer to the Transferee shares having the value of NIS each numbered until inclusive in Ltd to hold unto the Transferee, his administrators, guardians and representatives subject to the several conditions on which I held the same at the time of the execution hereof and I, the Transferee, do hereby agree to take the said shares subject to the conditions aforesaid."

As witness we have hereunto set our hands the day of , 20

Transferor	**Transferee**
Witness to the Transferor	**Witness to the Transferee**

43. The Company may close the Shareholders' Register for a period of time as the Board of Directors deems fit and provided that the said period shall not exceed thirty (30) days in each year. The Company shall deliver notice to the shareholders regarding the closing of the Shareholders' Register in accordance with the provisions set forth in these Articles regarding delivery of notices to shareholders.

44.

(a) Each instrument of transfer shall be delivered to the Office for the purpose of its registration together with the share certificate of the Share subject matter of the transfer, if issued, and any other proof as demanded by the Board of Directors of the Company. The instruments of transfer that are registered shall be kept by the Company however any instrument of transfer that the Board of Directors refuses to register shall be returned upon demand to the person that delivered them together with the share certificate (if delivered). In the event the Board of Directors refused to approve the transfer of Shares it shall deliver notice to the transferor in respect whereof no later than thirty (30) days as of the date of receiving the instrument of transfer.

(b) The Company may demand payment of fees for registration of the transfer in the amount of set by the Board of Directors of the Company.

45. The guardians and the administrators of a single shareholder who died or, in the event of no administrator or guardian was appointed, the persons who are entitled to the share as the heirs of the single shareholder that died shall be the only ones whom the Company will acknowledge as having a right in the share that was recorded in the name of the deceased shareholder.

46. In the event a Share was registered in the name of two or more holders, the Company shall acknowledge only the living shareholder or shareholders as the persons who are entitled to the Share or a benefit in the Share however this shall not exempt the estate of a joint holder of a Share in the security from any obligation with respect to the security he held jointly. In the event a Share was registered in the name of a number of joint holders as aforesaid, each of the said holders shall be entitled to transfer his right.

47. Any person who becomes entitled to a Share due to the death of a shareholder shall be entitled, upon presenting proof regarding execution of a will or appointment of a guardian or furnishing a succession order attesting that he is entitled to the Shares of the deceased shareholder to be registered as a shareholder in respect of these Shares or may, subject to the provisions set forth in these Articles, to transfer the said Shares.

48. The Company may acknowledge a receiver or a liquidator of a shareholder which is a corporation that is under liquidation or dissolution or a trustee in bankruptcy or any receiver of a bankrupt shareholder as having rights in the Shares listed in the name of such shareholder.

49. The receiver or the liquidator of a shareholder that is a corporation under liquidation or dissolution or the trustee in bankruptcy or any receiver of a bankrupt shareholder may be registered as a shareholder in respect of these Shares or may, subject to the provisions set forth in these Articles, transfer the said Shares, after furnishing the proof as demanded by the Board of Directors attesting that he is entitled to the Shares of the shareholder that is under liquidation or dissolution or bankruptcy and upon obtaining the approval of the Board of Directors (and the Board of Directors may refuse such demand without providing any

reasons for its refusal).

50. The provisions set forth above regarding the transfer of Shares shall apply to the transfer of other securities of the Company, *mutatis mutandis*.

Redeemable securities

51. The Company shall be entitled to issue or allot redeemable securities subject to the provisions set forth in these Articles in respect of the issue of securities.

52. In the event the Company issued redeemable securities it may redeem them and the restrictions imposed by virtue of the Second Chapter of the Seventh Part in the Companies Law shall not apply thereto.

53. In the event the Company issued redeemable securities it may attach to them rights attached to Shares including voting rights and right of participation in profits.

Change in capital

54. From time to time the Company may, upon passing a resolution of the General Meeting that was passed in an ordinary majority, increase its registered share capital by classes of shares as it sets forth.

55. Unless otherwise stated in a resolution that approves the increase of the share capital as aforesaid, the provisions set forth in these Articles shall apply to the new Shares.

56. Upon passing a resolution in the General Meeting by an ordinary majority, the Company may:

(a) Consolidate and redistribute its share capital into shares of par value that is greater than the par value of its existing Shares and in the event its Shares are without par value — into capital comprising of a smaller number of Shares and provided that that this shall not change the rate of holdings of the shareholders in the issued capital.

For the purpose of executing such resolution as aforesaid the Board of Directors may settle any difficulty that arises and, *inter alia*, issue certificates for fractions of shares or certificates in the name of a number of shareholders that will include fractions of shareholders due to them.

Without derogating from the powers of the Board of Directors, in circumstances in which as a result of the consolidation shareholders hold fractions of Shares the Board of Directors may, upon obtaining the approval of the General Meeting in an ordinary majority:

(1) Sell all the fractions and for that purpose to appoint a trustee on whose name the share certificates including the fractions shall be issued and the trustee shall sell the fractions and the proceeds obtained with deduction of commissions and expenses shall be distributed to those entitled; or —

(2) Allot to each shareholder holding a fraction following the consolidation Shares of the class of Shares prior to the consolidation, fully paid-up in such number whose consolidation with the fraction will suffice to form one full consolidated Share and such allotment as aforesaid shall be deemed to be in effect shortly before the consolidation; or —

(3) State that shareholders shall not be entitled to receive a consolidated Share in respect of a fraction of a consolidated Share that emanates from the consolidation of half or more of the number of Shares whose consolidation creates one consolidated Share and shall be entitled to receive a consolidated Share in respect of a fraction of a consolidated Share emanating from the consolidation of more than half of the number of Shares whose consolidation created one consolidated share;

In the event that an action performed in accordance with the provisions set forth in paragraphs (2) or (3) above requires the issue of additional Shares then payment of the said Shares shall be made in the manner of payment of bonus shares. Such consolidation and division as aforesaid shall not be deemed as modification of the rights attached to the Shares subject matter of the consolidation and division.

(b) Distribute by way of redistribution of its existing Shares, in whole or in part, its share capital, in whole or in part, into Shares of par value that is lower than the par value of the existing Shares, and if its Shares are without par value — into issued capital comprising of a greater number of Shares and provided that that this shall not change the rate of holdings of the shareholders in the issued capital.

(c) Cancel registered share capital that was not yet allotted on the date of passing the resolution and provided that there is no undertaking of the Company, including a contingent undertaking, to allot the Shares.

(d) Reduce Shares in the issued capital of the Company in such manner that these Shares will be canceled and all consideration paid in respect of their par value will be recorded in the books of the Company as a capital fund that shall be deemed for all intents and purposes as a premium that was paid on the Shares remaining in the issued capital of the Company.

(e) Consolidate its share capital, in whole or in part, into one class of Shares and in this regard the Company may resolve on payment of compensation to the shareholders in the Company, in whole or in part, in respect of the consolidation of capital by way of allotment of bonus shares to the said shareholders.

General Meetings

57. The Company will hold an Annual Meeting each year and no later than fifteen (15) months after convening of the last Annual Meeting. A General Meeting other than an Annual Meeting shall be deemed as an Extraordinary Meeting.

58. The agenda in the Annual Meeting shall include the following matters specified hereunder:

(a) A discussion of the audited financial statements of the Company, together with the report of the Board of Directors on the state of affairs of the Company submitted to the General Meeting;

(b) Appointment of directors;

(c) Appointment of an auditor and receiving a report on the auditor's fees;

(d) Proposals that the Board of Directors decided to present for vote in the General Meeting;

59. Whenever the Board of Directors deems fit it may convene an Extraordinary Meeting at its discretion, and Extraordinary Meetings shall be convened upon such demand as aforesaid made by two directors or one quarter of the directors who serve in office at the time or at the demand of one or more shareholders holding at least five percent (5%) of the issued capital and one percent (1%) at

least of the voting rights in the Company or one or more shareholder holding at least five percent (5%) of the voting rights in the Company.

In the event the Board of Directors is required to convene an Extraordinary Meeting by any of the entities specified in this Article 59 above, it shall convene the said meeting within twenty one (21) days as of the date of receiving such demand as aforesaid for a date to be specified in the notice on the Extraordinary Meeting, as specified in Article 62(b) hereunder and provided that the date of convening shall be no later than thirty five (35) days as of the date of publishing the notice unless otherwise stated in respect of a meeting to which Article G in the Second Chapter of Companies Law applies.

60. In the event the Board of Directors did not convene an Extraordinary Meeting as specified in section 59 above, the demanding party, and in the event of shareholders — part of the shareholders holding more than half of their voting rights, may convene the meeting by himself and provided that the meeting is not held three months as of the date such demand was submitted as aforesaid and the meeting shall be convened, to the extent possible, in the same manner that meetings are convened by the Board of Directors.

61.

(a) The Board of Directors shall prescribe the agenda in the General Meeting and the agenda shall include matters for which the convening of an Extraordinary Meeting is required in accordance with Article 59 above and items as specified in section (b) hereunder.

(b) One or more shareholders holding at least one percent (1%) of the voting rights in the General Meeting may request from the Board of Directors to include an item on the agenda to be convened in the future and provided that the item is appropriate for discussion in the General Meeting.

(c) Such request made as specified in section (b) above shall be shall be delivered to the Company in writing at least seven (7) days prior to delivery of notice on the convening of the General Meeting and the proposed wording of the resolution by the shareholders shall be enclosed therewith.

62.

(a) A notice on the convening of a General Meeting shall be published in at least two widely circulated newspapers in Hebrew

on the dates prescribed by law and the Company shall not deliver any further notice to the

shareholders who are registered in the Shareholders' Register of the Company.

(b) The notice on the convening of the General Meeting shall indicate the type of the meeting, the place of convening the meeting and its time, description of the items on the agenda, summary of the proposed resolutions, the required majority for passing the resolutions, the date for determining the entitlement of all shareholders to vote in the General Meeting and any additional detail as required by law. In the event a date was set for an adjourned meeting not on the same day in the next week in the same time and place the said date shall be specified in the notice.

63. The General Meeting may exercise the powers vested to another organ of the Company. In the event the General Meeting exercised powers that are vested to the Board of Directors by law, the obligations, rights and liabilities that apply to directors regarding the exercise of the said rights shall apply to the shareholders, *mutatis mutandis*, and the provisions set forth in the third, fourth, and fifth chapter of Part Six of the Law shall apply to the shareholders in respect of their attendance in the meeting and manner of voting thereat, while taking into account their holdings in the Company.

64. Any defect in good faith in the convening or direction of the General Meeting or any other defect emanating from failure to uphold a provision or a condition set forth in the Law or in these Articles, including regarding the manner of convening or directing the General Meeting shall not disqualify any resolution that was passed in the General Meeting and shall not impair the discussions held in that meeting, subject to the provisions set forth in any law.

Voting rights

65. A shareholder who desires to vote in the General Meeting shall prove to the Company his ownership of the share as required by law.

66.

(a) The Company may set a record date for the purpose of determining entitlement to attend and vote in the General Meeting, and provided that the said date shall not be 21 days prior to the date that was set for holding the General Meeting and shall not fall below 4 days prior to the date of convening the meeting.

(b) Notwithstanding the said in subsection (a) above, in a General Meeting whose agenda includes the items specified in Section 87(a) of the Companies Law the Company shall set a record date that shall apply no more than 40 days and no less than 28 days prior to the date of convening of the General Meeting unless the Law allows to set a record date earlier.

67. A shareholder who is a minor and a shareholder who was declared by a competent court as a legally incompetent person may vote solely by their guardians, and any guardian as aforesaid may vote by proxy.

68. Subject to the provisions set forth in any law, in the event of joint holders of a Share, each of the said holders may vote in each meeting whether by himself and whether by proxy with respect to the said share, as if he was the sole holder of that Share. If more than one of the joint holders of Shares attended the meeting, whether by themselves or by proxy, the shareholder whose name is first listed in the Shareholders' Register with respect to that Share or in a certificate regarding his ownership of the share or another instrument as set forth by the Board of Directors for the purpose of this matter, as the case may be, shall vote in the meeting. A number of guardians or a number of administrators of a registered shareholder who died shall be deemed as joint holders of shareholders for the purpose of this section.

69. Shareholders may vote in person or by proxy in accordance with the provisions set forth hereunder.

70. A corporation the is a shareholder in the Company may empower, at the discretion of its directors or any other of its executive bodies, a person it deems fit to serve as its representative in each General Meeting. A person that was authorized as specified above shall be entitled to exercise the same voting rights that the corporation itself could have exercised if it was a sole shareholder on behalf of the corporation he represents. The chairman of the meeting may demand from any authorized person as aforesaid reasonable proof attesting that he is an authorized representative of the corporation as a condition for the participation of that person in the meeting.

It is clarified that the said in Articles 71 to 75 hereunder regarding the instrument of appointment shall not apply to the authorized representative of the corporation however solely to the proxy to the vote on behalf of the corporation.

71. Any instrument appointing a proxy for the vote ("**Instrument of Appointment**") shall be made in writing and shall be signed by the appointing person or his

representative who was authorized in writing to make such appointment and in the event the appointing entity is a corporation the appointment shall be made in writing and signed by the authorized signatories of the corporation and shall bear the stamp of the corporation are the signature of its authorized representative.

72. The Instrument of Appointment or a copy thereof to the satisfaction of the Board of Directors shall be deposited in the Office or in a place designated to convene the meeting no less than 48 hours prior to the date set forth for the meeting where the person specified in the Instrument of Appointment is about to vote. However, the chairman of the meeting may waive this demand in respect of all the attendants in any particular meeting and accept their Instrument of Appointment upon commencement of the meeting.

73. A shareholder holding more than one Share shall be entitled to appoint more than one proxy subject to the provisions set forth hereunder:

(a) The Instrument of Appointment shall indicate the class and number of Shares in respect of which it was issued;

(b) In the event the number of Shares of any class specified in the Instruments of Appointment that were issued by one shareholder exceeded the number of Shares of the same class held by that shareholder, all Instruments of Appointment that were issued by that shareholder in respect of the excess Shares shall be null and void without derogating from the effect of the vote in respect of the Shares held by him;

(c) In the event only a representative was appointed by a shareholder and the Instrument of Appointment does not specify the number and class of shares in respect of which it was issued, the Instrument of Appointment shall be deemed to have been issued in respect of all the shares held by the shareholder on the date of depositing the Instrument of Appointment with the Company or on the date of furnishing the Instrument of Appointment to the chairman of the meeting, as the case may be. If the Instrument of Appointment was issued in respect of a number of Shares that is less than the number of shares held by the shareholder, the shareholder shall be deemed to have abstained in the vote in respect of the remaining Shares held by him and the Instrument of Appointment shall be in effect solely in respect of the number of Shares specified thereat.

74. The Instrument of Appointment for the General Meeting shall be prepared and filled in the following manner or any other similar or ordinary manner as approved by the Chairman of the Board:

"I, of being a shareholder of Ltd ("The Company") hereby appoint ID. No. of or, in his absence ID. No. of or in his absence ID. No. of as my proxy to attend and vote on my behalf in respect of the following class of shares held by me in the General/Extraordinary Meeting of the Company/meeting of shareholders holding the following class of shares , to be held on the day in the month of in the year and at any adjournment thereof.

And in witness hereof I am hereby undersigned on the day in the month of in the year .

Signature _____ "

75. Voting in accordance with the Instrument of Appointment shall be in effect despite the death of the appointing person, or despite the revocation of the Instrument of Appointment or the transfer of the share in respect of which the vote was made as aforesaid unless a written notice regarding the death, revocation or transfer was received in the Office of the Company by the chairman of the meeting prior to the vote.

Deliberations and passing of resolutions in the General Meetings

76. A General Meeting may not be opened unless a quorum is present within thirty minutes from the time designated for the meeting. Unless otherwise stipulated in the Companies Law or in these Articles, a quorum shall formed when at least two (two) shareholders holding jointly at least one quarter (1/4) of the voting rights in the Company are present by themselves or by proxy.

77. If within thirty minutes from the time that was designated for the meeting no quorum is present, the meeting shall stand adjourned for the same day in the next week in the same time and place or any other date unless the notice on the meeting and the adjourned meeting and the items for which the first meeting was called shall be deliberated in the adjourned meeting. If no quorum is present in

the adjourned meeting thirty minutes from the time designated for the meeting the adjourned meeting shall be held with any number of attendants.

If the General Meeting was convened at the demand of shareholders, the adjourned meeting shall be held only if a shareholder, one or more, holding at least five percent (5%) of the issued capital and one percent (1%) at least of the voting rights in the Company or a shareholder, one or more, holding at least five percent (5%) of the voting rights in the Company attended in the

meeting.

78. The Chairman of the Board shall serve as chairman of the meeting. In the event the Chairman of the Board does not attend the meeting, the meeting shall elect a chairman and the election shall be made upon commencement of the meeting that shall be opened, subject to the presence of a quorum, by the Secretary of the Company or by a shareholder that was authorized by the Secretary of the Company for the purpose of this matter.

79. The chairman of the General Meeting may, upon obtaining the approval of a meeting in which a quorum is present, adjourn the meeting or the resolution on the item that was specified on the agenda, from time to time and place to place, and shall be obligated to adjourn such matters as aforesaid if so instructed by the meeting. The adjourned meeting shall discuss only items that were on the agenda and whose discussion was not completed or did not start in the meeting the decided on the adjournment.

80. Subject to the provisions set forth in any law, a resolution in the General Meeting shall be passed by a count of votes in a manner that each share that confers a voting right shall grant one vote. In the event of a tie the resolution shall be deemed to have been rejected.

81. The resolutions of the General Meeting shall be passed by an ordinary majority unless another majority was set in the Law or the Articles.

82. In addition to the resolutions the General Meeting is entitled to pass and that are specified in these Articles and/or in the Companies Law, the resolutions of the Company on the following items shall be passed in the General Meeting in an ordinary majority (subject to the relevant provisions of the law):

(a) Amendment of these Articles or the Memorandum of Association of the Company.

(b) Exercising the powers of the Board of Directors in circumstances that the meeting stated that the Board of Directors was unable to exercise its powers and such exercise of its powers is essential for the proper management of the Company as specified in Section 52(a) of the Companies Law.

(c) The appointment of the auditor of the Company and termination of his employment.

(d) The appointment and dismissal of directors for the Company.

(e) The approval of actions and transactions that require the approval of the General Meeting.

(f) Increasing and canceling the registered share capital.

(g) Merger (within its meaning in the Companies Law).

83. The declaration of the chairman that a resolution was passed unanimously or in a particular majority or was rejected and the minutes of the meeting that were signed by the chairman of the meeting shall serve prima facie proof of its content.

84. From time to time the Board of Directors may prescribe the resolutions in the General Meeting that may be voted by a ballot. Unless the Board of Directors prescribes otherwise and subject to the provisions set forth in the Companies Law and regulations promulgated thereunder, the resolutions of the General Meeting on the following matters may also be passed by way of a ballot:

(a) The appointment and dismissal of directors;

(b) The approval of actions or transactions that require the approval of the General Meeting in accordance with the provisions set forth in Sections 255 and 268 to 275 of the Companies Law;

(c) Approval of a merger in accordance with Section 320 of the Companies Law;

(d) Any other matter prescribed by the Minister in the regulations that were promulgated or that will be promulgated by virtue of Section 89 of the Companies Law.

The Board of Directors

85. The number of the members of the Board of Directors shall be set from time to time by the General Meeting in an ordinary majority of the shareholders or by the Board of Directors of the Company in an ordinary majority of the members of the Board of Directors and provided that the said number shall not fall below three members and shall not be greater than twelve including outside directors.

86.

(a) The directors shall be elected in a resolution passed by an ordinary majority of the shareholders that will be passed in the Annual Meeting. Each director who was elected shall serve in office until the next General Meeting. Notwithstanding the aforesaid, if no directors were appointed in the General Meeting the directors that were appointed in the previous Annual Meeting will continue to serve in office.

(b) The term in office of a director shall take effect on the date of his appointment by the meeting as aforesaid however the meeting may set an appointment date that is later than the meeting date.

(c) The General Meeting may dismiss a director at all times by an ordinary majority of the shareholders and may resolve at the time to appoint another person as a director instead of the said director. The director whose dismissal is on the agenda shall be afforded a reasonable opportunity to present his position to the General Meeting.

87.

(a) A director shall be entitled at all times to appoint a person to serve as a substitute director in the Board of Directors ("**Substitute Director**"). A person who is not competent to be appointed as a director shall not be appointed as a Substitute Director and whoever serves as a director or as a Substitute Director unless this is permissible by law. Whoever serves as a director may be appointed as a Substitute Director to serve as member of the committees of the Board of Directors and provided that the Substitute Director whose candidacy as a Substitute Director of a member of the committee is considered has accounting and financial proficiency or professional competence according to the competence of the substituted director. However, no Substitute Director shall be appointed instead of an outside director however solely in accordance with the provisions set forth in this subsection (a) unless otherwise stipulated in the Law.

(b) As long as the appointment of the Substitute Director is in effect, the Substitute Director shall be entitled to receive invitations to all meetings of the Board of Directors (without denying the right of the director to receive invitations) and attend and vote in which meeting of the Board of Directors from which the appointing director is absent.

(c) Subject to the provisions set forth in his instrument of appointment appointing him, the Substitute Director shall have all the powers granted to the director whose place he substitutes and he shall be deemed as a director.

(d) A director who appointed a Substitute Director shall be entitled to cancel the appointment at all times. The term in office of a Substitute Director shall be terminated if the directors that appointed him (hereinafter: "**Appointing Director**") delivered written notice to the Company about termination of the appointment as aforesaid or about his resignation or if the term in office of the Appointing Director was terminated in any other manner.

(e) Any appointment of a Substitute Director and termination of his appointment shall be made by way of delivery of written notice to the Company.

88. A director who no longer serves in office may be reappointed subject to his competence to serve as a director in the Company.

89. The office of a director shall be automatically vacated upon the occurrence of each of the following cases:

(a) If the director resigned from office or was dismissed from office in accordance with the provisions set forth in Sections 229-231 of the Companies Law.

(b) If the director was convicted of an offense as specified in Section 232 of the Companies Law.

(c) If the court decided to instruct termination of his office in accordance with the provisions set forth in Section 33 of the Companies Law.

(d) If he was declared bankrupt, and in the event of a corporation — it resolved on voluntary liquidation or a liquidation order was issued against it.

(e) Upon his death.

(f) If he became a legally incompetent person.

90. In the event the office of a director is vacated, the remaining directors shall be entitled to take action in any matter, as long as the number of directors does not fall below three. In the event the number of directors is less than the minimal number as specified above, the Board of Directors shall not be entitled to act however solely for the purpose of convening a General Meeting for the purpose of appointing additional directors.

91. The directors may appoint immediately or for any future date a director or additional directors that will serve in office until the

next Annual Meeting and provided that the total number of the members of the Board of Directors shall not be greater than 12.

92. Subject to obtaining all the required approvals in accordance with the law directors shall be entitled to payment and compensation in respect of their term in office and each director shall be entitled to receive reimbursement for his reasonable expenses for travel and other expenses in connection with his participation in the meetings of the Board of Directors and in fulfilling his office as member of the Board of Directors.

93. At least two outside directors shall serve in the Company when at least one is a director with accounting and financial proficiency and the other shall have professional competence within its meaning in Section 240 of the Companies Law and the provisions set forth in the Companies Law regarding this matter shall apply to their term in office, including in respect of the payments the said directors are entitled to receive.

Powers and responsibilities of the Board of Directors

94. The Board of Directors shall outline the policy of the Company and shall oversee the performance of the CEO and his actions and shall be vested with the powers of the Company that were not vested by the law or the Articles to any other organ.

95. The Board of Directors may delegate its powers to the CEO and to any of the committee of the Board of Directors subject to the restrictions set forth by law.

96.

(a) The Board of Directors may exercise the powers granted to the CEO for a particular matter or for a particular period of time at its sole discretion upon passing a resolution that shall be passed by a majority of the votes of directors.

(b) Without derogating from the foregoing, the Board of Directors may instruct the CEO how to act in a particular matter. In the event the CEO failed to fulfill the instruction the Board of Directors may exercise the power required for the purpose of fulfilling the instruction instead of the CEO.

(c) In the event the CEO is unable to exercise his powers, the Board of Directors shall be entitled to exercise these powers instead of the CEO.

Meetings of the Board of Directors

97. The Board of Directors shall convene meetings according to the requirements of the Company and at least once every three (3) months.

98. The Chairman of the Board may convene the Board of Directors at any time. In addition, one director may demand to convene a meeting of the Board of Directors on a matter that will be specified.

99.

(a) Any notice on convening of a meeting of the Board of Directors may be delivered verbally, over the phone, in writing (including by fax or email) or by a telegram and provided that the notice is delivered at least twenty four (24) hours before the date designated for the meeting, unless all members of the Board of Directors or their substitutes (if any) agreed on shorter notice or on convening without notice.

(b) A director who leaves the State of Israel (hereinafter: "**Absent Director**") and who desires to receive notice during the period of his absence shall leave with the Secretary of the Company sufficient contact details to receive notice about the meeting of the Board of Directors during the period of his absence (an Absent Director who left details with the Secretary of the Company as specified above together with directors who are in the State of Israel: "**Directors Entitled to Receive Notice**").

(c) An Absent Director that did not leave his contact details as specified in this section above shall not be entitled to receive notice during the period of his stay abroad unless the said director requested to deliver the notice to a

substitute director that will act as proxy and that was appointed in accordance with these Articles.

(d) A record made by the Secretary of the Company shall be deemed as peremptory evidence of delivery of notice to an Absent Director who is entitled to receive notice.

100. The notice on the meeting of the Board of Directors shall specify the date and time of the meeting, the place of the meeting and reasonable description of all the items on the agenda.

The Chairman of the Board shall set out the agenda of the meeting of the Board of Directors and the agenda shall include all the items as set out by the Chairman of the Board and any item that a director or the CEO requested from the Chairman of the Board, a reasonable time prior to convening the meeting of the Board of Directors to include on the agenda.

101. The majority of the members of the Board of Directors who are entitled to receive notice and whose participation and voting in the meeting of the Board of Directors shall constitute a quorum required to open a meeting of the Board of Directors. The quorum shall be inspected upon commencement of the meeting.

Notwithstanding the aforesaid, in any event the quorum regarding a resolution of the Board of Directors on termination of the term in office of the internal auditor shall not fall below the majority of the members of the Board of Directors.

102. The Board of Directors shall elect one of its number to serve as Chairman of the Board. The Chairman of the Board shall chair the meeting of the Board of Directors. In the event the Chairman of the Board is absent from the meeting or in the event the Chairman of the Board refuses to chair the meeting the members of the Board of Directors shall elect one of their number to serve as chairman of the meeting, preside over the meeting and sign the minutes of the meeting.

103. Resolutions in the Board of Directors shall be passed in an ordinary majority. Each director shall have one vote when voting in the Board of Directors. The Chairman of the Board shall have no additional or casting vote.

104. Each meeting of the Board of Directors in which a quorum was present shall be entitled to exercise all powers, powers of attorney and discretionary powers that are vested to the Board of Directors at the time or that are ordinarily exercised by

the Board of Directors in accordance with the provisions set forth in these Articles.

105. The Board of Directors may hold meetings by using any means of telecommunication and provided that all directors attending the meeting can hear each other simultaneously.

106. The Board of Directors may pass resolutions even without actually convening and provided that all directors that are entitled to receive notice and that are entitled to attend in the meeting and vote on the proposal put to vote agreed not to convene to deliberate over the said matter. In such circumstances as aforesaid a minutes of resolutions shall be prepared including the resolution not to convene a meeting and shall be signed by the Chairman of the Board.

106A. A resolution that was passed without actually convening shall be signed by the Chairman of the Board and provided that all Directors Entitled to Receive Notice and who are entitled to attend and vote in the meeting on the proposal that was put to vote agreed to the said (and provided that their number will not fall below two) or a written resolution signed by all members of the Board of Directors that are entitled to receive notice and that are entitled to participate in the discussion and vote on the proposal that was put to vote (and provided that their number shall not fall below two) shall be in accordance with the provisions of Law, and shall be legal and valid as a resolution that was duly passed in the meeting of the Board of Directors that was convened and held in accordance with the provisions set forth in these Articles.

107. Subject to the provisions set forth in any law all actions that were implemented by or in accordance with the resolution of the Board of Directors or by a meeting of the Board of Directors or by a person serving as a member of the Board of Directors shall be in effect even if it is discovered afterwards that there was a defect in the election of the said members of the Board of Directors or the persons serving as aforesaid or that all or each were incompetent as if each was elected by law and as if each possessed the skills required to serve as member of the Board of Directors or the said committee.

Board Committees

108. The Board of Directors shall be entitled to form Board Committees. Persons who are not members of the Board of Directors shall not serve in a Board Committee to which the Board of Directors delegated its powers. Subject to the provisions set forth in the Companies Law and these Articles, the Board of Directors may

delegate its powers or any part thereof to such Committees as aforesaid. At least two directors shall serve in each committee.

109. Each committee that is formed in accordance with the provisions set forth in Article 108 above is obligated, when exercising its powers, to uphold all the provisions set forth by the Board of Directors. The meetings and actions of each committee as aforesaid shall be directed in accordance with the provisions set forth in these Articles regarding the meetings and actions of the Board of Directors, to the extent that they are appropriate and to the extent that no provisions that were set forth by the Board of Directors came in their place.

110. A committee of the Board shall deliver current reports to the Board of Directors about its resolutions or recommendations at the discretion of the Board of Directors.

111. The Board of Directors may cancel a resolution of a committee it appointed however the said cancellation shall not derogate from

the effect of a resolution of a committee according to which the Company took action against another person who had no knowledge regarding its cancellation.

All actions that were performed in good faith in the meetings of the Board of Directors or by a committee of the Board of Directors or by any person acting as a director shall be in effect even if it is discovered afterwards that there was a defect in the appointment or a director or such person acting as aforesaid or that they or one of them were incompetent as if each such person was lawfully appointed and was competent to serve as a director.

Chief Executive Officer

112. The CEO shall be appointed and dismissed by the Board of Directors and the Board of Directors may appoint more than one CEO.

113. The CEO shall be responsible for the current management of the affairs of the Company as part of the policy set forth by the Board of Directors and subject to its instructions and shall hold all executive and administrative powers that were not vested in the Companies Law or in these Articles to another organ of the Company and the Board of Directors shall oversee performance his office.

Upon obtaining the approval of the Board of Directors, the CEO shall be entitled to delegate his powers to his subordinate. The approval may be general and granted in advance.

114.

(a) The CEO shall notify the Chairman of the Board promptly regarding any extraordinary matter that is material for the Company and shall submit to the Board of Directors reports on matters, on dates and in the scope as set forth by the Board of Directors. In the event there is no Chairman of the Board of the Company or in the event the Chairman is unable to fill in his office the CEO shall deliver notice to all members of the Board of Directors about the said.

(b) The Chairman of the Board any, following his initiative or at the discretion of the Board of Directors, demand from the CEO a report about the business of the Company.

(c) In the event such report or notice as aforesaid necessitated an action of the Board of Directors, the Chairman of the Board shall call promptly a meeting of the Board of Directors for the purpose of deliberating over the notice or passing a resolution on the required course of action.

Officers

115. From time to time the CEO shall be entitled to appoint officers for the Company (except for directors and a CEO) for permanent, temporary or ad-hoc positions as the CEO deems fit from time to time and the CEO shall be entitled to terminate the services of one or more of the officers specified from time to time at his sole and absolute discretion.

116. The CEO may prescribe, subject to the provisions set forth in the Companies Law, the powers and responsibilities of the officers appointed by him as aforesaid and the terms of their office.

The internal auditor

117. The Board of Directors of the Company shall appoint an internal auditor in accordance with the proposal made by the Audit Committee.

118. The internal auditor shall inspect the compliance of the actions of the Company with the law and proper business management, *inter alia*.

119. The organizational supervisor over the internal auditor shall be the Chairman of the Board unless otherwise stated by the Board of Directors of the Company.

120. The internal auditor shall submit for the approval of the Board of Directors a proposal for an annual or periodic work plan and the Board of Directors shall approve the said plan with modifications as it deems fit.

The auditor

121. The auditor, one or more, shall be appointed in each Annual Meeting and shall serve in office until the end of the Annual Meeting convened thereafter. Notwithstanding the aforesaid, the General Meeting may, upon a resolution passed in an ordinary majority, appoint an auditor who will serve in office for a longer period that shall not exceed the end of the third Annual Meeting after the meeting in which he was appointed.

122. The General Meeting may terminate the term in office of the auditor subject to and in accordance with the provisions set forth in the Companies Law.

123. The fees paid to the auditor for the audit shall be determined by the Board of Directors that shall report in each Annual Meeting about the terms of employment of the auditor.

124. The fees of the auditor for additional services provided to the Company other than an audit shall be determined by the Board of Directors that shall report in each Annual Meeting about the terms of engagement of the auditor in respect of the additional services, including payments and undertakings of the Company towards him; for the purpose of this section, "auditor" — including a partner, associate of the auditor including a corporation under his control.

Effect of actions and approval of ordinary transactions

125. Subject to the provisions set forth in any law, all actions that were performed by the Board of Directors or by a Board Committee or by any person acting as a director or as a member of the Board Committee or by the CEO, as the case may be — shall be in effect even if it is discovered afterwards that there was a defect in the appointment of the Board of Directors, the Board Committee, the director who is a member of the Committee or the CEO, as the case may be, or that any of the aforesaid officers was incompetent to serve in office.

126. An officer who has personal interest in an action of the Company shall disclose his interest to the Company a reasonable time prior to the date of deliberating over the approval of the action, including any material fact or document.

127. A transaction of the Company with an officer of the Company or a transaction of the Company with another person in which an officer of the Company has personal interest and that is not an extraordinary transaction shall be approved by the Board of Directors except for the terms in office of officers of the Company that are subject to the CEO of the Company that will be approved by the CEO of the Company. The approval of the Board of Directors may be granted by way of issuing a general approval for a particular type of transactions or by approving a specific transaction.

128. An extraordinary transaction of the Company with an officer of the Company and an extraordinary transaction of the Company with a controlling shareholder thereof or an extraordinary transaction of the Company with another person wherein an officer of the Company or the controlling shareholder of the Company has personal interest shall be approved in the manner prescribed by law.

Distribution

129. The resolution of the Company on distribution shall be passed by the Board of Directors of the Company and subject to the restrictions set forth by law.

Dividend and bonus shares

130. Subject to any special or restricted rights that are attached to any class of shares, a dividend or bonus shares shall be distributed pro-rata according to the amount of the paid-up capital on the par value of the shares without taking into account the premium that was paid on the shares.

131. The Company may set a record date in respect of right to receive dividend and provided that the said date is later than the date of the resolution on distribution of a dividend.

132. The Board of Directors may withhold any dividend, benefit, rights or amounts about to be paid in respect of shares over which the Company has a lien and/or charge and use any amount as aforesaid or realize any benefit and exercise any right and use the consideration obtained from this realization to settle the debts of the said shareholder over which the Company has a lien and/or charge.

133. The transfer of the share shall not grant to the transferee the right to a dividend or to any other distribution that was declared after the said transfer and prior to the registration of the transfer. Notwithstanding the aforesaid, in the event the transfer

of the shares requires the approval of the Board of Directors, the date of approval shall supersede the date of recording the transfer.

134. A dividend, whose payment is not demanded within a period of seven (7) years as of the date a resolution on its distribution was passed, shall be deemed to have been forfeited by the person entitled to it and shall be returned to the Company.

135. Unless otherwise stated, each dividend may be paid by a check or a payment order delivered by mail according to the registered address of the person entitled to the dividend or, in the event of joint registered holders, to the member whose name is first listed in the Shareholders' Register with respect to the joint ownership. Each check as aforesaid shall be made in favor of the person to

whom it is delivered and its repayment shall serve as release with respect to all payments made in connection with the said share.

136. The Board of Directors may deduct from each dividend or any other distribution payable in connection with the shareholders held by the shareholder, whether he is their sole holder or jointly with another shareholder any amount due from him and that the said shareholder is required to settle for the Company whether solely or jointly with another at the expense of calls for payment and other such issues.

137. The Board of Directors may, at its discretion, allocate to special funds any amount from the profits of the Company or following revaluation of its assets or its relative share in revaluation of the assets of affiliated companies and determine the designation of these funds.

Merger

138. The approval of merger (within its meaning in the Companies Law) shall require the majority of the shareholders unless otherwise stated expressly by law.

Minutes

139. The Company shall keep a Minutes Register of General Meetings, Class Meetings, meetings of the Board of Directors and meetings of the Board Committees and shall keep the said minutes in its Registered Office or in any other address in Israel as it notified to the Registrar of Companies for a period of seven (7) years as of the date of the General Meeting or the meeting, as the case may be.

140. Each minutes shall include the following particulars:

(a) The time and place where the meeting or the General Meeting was held;

(b) The names of the attendants, and whether the attendants are representatives or substitutes, the names of the empowering parties or the appointing parties and, in a Shareholders' Meeting, the number of shares by virtue of which the voting is held and their class;

(c) Summary of the discussions, course of the discussions and the resolutions that were passed;

(d) Instructions that were set forth by the Board of Directors to the Board Committees or to the CEO;

(e) Documents, reports, certificates, opinions and other such issues that were presented, discussed and/or enclosed.

141. Such minutes of the General Meeting signed by the chairman of the meeting shall serve as prima facie proof of its content. The minutes of the meeting of the Board of Directors or a Board Committee that was approved and signed by the director that chaired the meeting shall serve as prima facie proof of its content.

Shareholders' Register

142. The Company shall keep a Shareholders' Register and shall record the following particulars therein:

(1) With respect to registered shares —

(a) The name, ID. No. and address of each shareholder as provided to the Company;

(b) The number and class of shares held by each shareholder with indication of their par value, if any, and if any amount on account of the consideration that was set for any Share was not yet paid — the unpaid amount;

(c) The date of allotment of the Shares or the dates of their transfer to the shareholders, as the case may be;

(d) In the event the shares were marked with serial numbers, the Company shall indicate by the name of each shareholder the number of Shares registered in his name;

(2) With respect to bearer shares —

(a) Indication of the fact of allotment of bearer shares, the date of their allotment and the number of shares that were allotted;

(b) The numbering of the bearer shares and the bearer share certificates;

In the event the bearer share certificate was revoked at the request of the shareholder, the name of the shareholder shall be registered in the primary register with an indication of the number of the shares registered to his name.

(3) With respect to dormant shares — their number and the date they became dormant as known to the Company.

(4) With respect to shares that do not grant voting rights in accordance with Section 309(b) of the Law or in accordance with Section 333(b) of the Law — also their number and the date in which they became shares that do not confer voting rights — as known to the Company.

(5) All other details that in accordance with the Companies Law or these Articles are required or are omitted to be registered in the Shareholders' Register.

143. The Company may keep another Shareholders' Register outside Israel.

144. The Shareholders' Register shall serve as prima facie proof of its content. In the event of discrepancy between the information specified in the Shareholders' Register and a share certificate, the information contained in the Shareholders' Register shall prevail.

Notices

145. A notice on the convening of a General Meeting shall be delivered in accordance with the provisions set forth in Article 62.

146.

(a) Notices that the Company is obligated to deliver by law to its shareholders registered in the Shareholders' Register in accordance with the provisions set forth in Article 62 above shall be delivered to the shareholder or delivered to that shareholder according to the last address the said shareholder provided to the Company. In the event a notice was delivered by mail, the notice shall be deemed to have reached its recipient — if delivered to an address in Israel within seventy two (72) hours from the time of its delivery and if delivered to an address abroad — within ten (10) days as of the date of its delivery.

(b) The Company may deliver notice to the shareholders whether the said shareholders hold bearer shares or registered shares by publishing notice in two widely circulated newspapers in Hebrew as specified in Article 62 above, and the date of publication in the newspaper shall be deemed as the date in which the notice was received by the shareholders.

The provisions set forth in subsection (a) shall not apply where the Company chose to deliver notice in accordance with the provisions set forth in this subsection (b) unless there is an express statutory obligation to publish notice in any other manner.

(c) The said in paragraphs (a) and (b) above shall not impose any obligation on the Company to deliver notice to any person who did not provide to the Company an address in Israel.

147. A shareholder shall be deemed to have not provided an address to the Company in each of the following cases:

(a) When the Company delivered to the last address he provided a letter in registered mail in which he was requested to confirm that the said address was still his address or notify to the Company about a new address and the Company did not receive an answer within thirty (30) days as of the date of delivery of notice.

(b) When the Company delivered to him a letter in registered mail according to the last known address and the Israel Postal Company — upon returning of the letter or without returning it — notified the Company that he did not reside in that address or for any other similar reason.

148. The Company may deliver notice to joint holders of a share by delivery of notice to the shareholder whose name is first listed in the Shareholders' Register with respect to the said share.

149. Any document or notice that were delivered by the Company in accordance with the provisions set forth in these Articles shall be deemed to have been duly delivered despite the death, bankruptcy or liquidation of the said shareholder (whether or not the Company knew of the said) as long as another was not registered in his place as a shareholder and delivery of such notice as aforesaid shall be deemed as sufficient for all intents and purposes with respect to any person interested in the said shares.

Liquidation of the Company

150. In the event of liquidation of the Company, whether voluntarily and whether in any other manner, then — unless otherwise stated expressly in these Articles or in the terms of issue of any share — the following provisions shall apply:

(a) The liquidator shall first use all the assets of the Company for the purpose of repaying its debts (the assets of the Company after repayment of its debts shall be referred hereinafter: "**Surplus Assets**").

(b) Subject to special rights attached to shares, the liquidator shall distribute the Surplus Assets pro-rata to the shareholders according to the par value of the Shares.

(c) Upon obtaining the approval of the Company in a resolution passed in the General Meeting by a majority of the shareholders, the liquidator may divide the Surplus Assets of the Company or any part thereof among shareholders in kind and deliver each of the Surplus Assets to a trustee in a deposit in favor of the shareholders as the liquidator deems fit.

Exemption from liability

151. The Company may exempt in advance an officer of the Company for his liability, in whole or in part, due to damage caused by breach of the duty of care towards the Company, save as breach of the duty of care in distribution, within its meaning in the Companies Law.

Liability insurance

152. The Company may engage in an insurance contract to provide insurance coverage for the liability of an officer of the Company due to a liability imposed on him due to an act he committed by virtue of his position as an officer of the Company, in whole or in part, in any of the following:

(a) Breach of the duty of care towards the Company or towards any other person;

(b) Breach of fiduciary duties towards the Company, and provided that the officer acted in good faith and had reasonable grounds to assume that the action would not harm the good of the Company;

(c) Expenses that the officer expended in connection with an Administrative Enforcement Proceeding held against him including reasonable litigation fees and attorney fees.

For the purpose of this matter:

"**Administrative Enforcement Proceeding**" — a proceeding in accordance with Chapter H3, H4 or I1 of the Securities Law.

"**Securities Law**" — Securities Law 5728-1968 as amended from time to time.

(d) Payment to the party injured by the breach as specified in Section 52BBB(a)(1)(a) of the Securities Law ("**Payment to the Injured Party**").

(e) Monetary liability imposed on him in favor of another person.

(f) Any other action that may be insured in accordance with the Companies Law.

Indemnification

153. Subject to the provisions set forth in the Companies Law, the Company may indemnify an officer of the Company due to liability or an expense as specified in paragraphs (a) to (f) hereunder that was imposed on him due to an action he committed by virtue of his position as officer of the Company:

(a) Monetary liability that was imposed on him in favor of another person by a judgment, including a judgment delivered in a settlement or an arbitral award that was certified by the court;

(b) Reasonable litigation fees, including attorney fees, that the officer expended due to an investigation or a proceeding instituted against him by a competent authority authorized to conduct an investigation or a proceeding and that ended without serving an indictment against him and without imposing on him monetary liability as alternative to criminal proceeding or that ended without serving an indictment against him however ended by imposing on him monetary liability as alternative to a criminal proceeding in an offense that does not require proof of criminal intent; in this paragraph —

"**Ending the proceeding without serving an indictment in a case under a criminal investigation**" — shall mean closing of the case in accordance with the provisions set forth in Section 62 of the Criminal Procedure Law [Consolidated Version] 5742-1982 (in this subsection: "Criminal Procedure

Law") or stay of proceedings by the Attorney General in accordance with the provisions set forth in Section 231 of the Criminal Procedure Law;

"**Monetary liability as alternative to a criminal proceeding**" — monetary liability that was imposed by law as alternative

to a criminal proceeding, including an administrative fine in accordance with the Administrative Offenses Law, 5746-1985, fine on an offense that was set as a finable offense in accordance with the provisions set forth in the Criminal Procedure Law, financial sanction or forfeit.

(c) Reasonable litigation fees, including attorney fees, that the officer expended or was compelled to pay by the court in a proceeding that was instituted against him by the Company on in its name or by another person, or a criminal accusation from which he was acquitted or in a criminal accusation in which he was convicted of commission of an offense that does not require proof of criminal intent.

(d) Expenses that the officer expended in connection with an Administrative Enforcement Proceeding held in his case including reasonable litigation fees, and attorney fees.

(e) Payment to the Injured Party.

(f) Liability or any other expense that is indemnifiable in accordance with the Companies Law.

154. The Company may undertake in advance towards an officer to indemnify that officer for a liability or an expense as specified in Article 153(b) to (f) above. In addition, the Company may undertake in advance towards an officer to indemnify the said officer in respect of a liability as specified in Article 153(a) above and provided that the undertaking of indemnification is limited to events that the Board of Directors deems are anticipated in light of the actual activities of the Company at the time of providing the undertaking and for an amount or a criterion that the Board of Directors stated were reasonable under the circumstances of the case and that the undertaking of indemnification will specify the events that the Board of Directors deems as anticipated in light of the actual activities of the Company at the time of making the undertaking and the amount or the criterion that the Board of Directors stated were reasonable under the circumstances of the case.

155. In any event the total indemnification amount that the Company will pay (in addition to the amounts obtained from the insurance company, if obtained, as part of directors' and officers' liability insurance that the Company purchased, if purchased) to all officers in the Company cumulatively in accordance with all indemnification letters issued to these officers by the Company shall not exceed 25% of the equity of the Company in accordance with its last consolidated financial statements as of the date of payment of the indemnification.

156. Sections 151-155 shall not apply in respect of one or more of the following events:

(a) Breach of fiduciary duties, except for indemnification and insurance due to breach of fiduciary duties under the circumstances specified in Article 152(b) above. Breach of the duty of care that was committed deliberately or recklessly unless solely committed in a negligent manner.

(b) An act committed with the intent to produce unlawful personal profit.

(c) A fine or forfeit imposed on the officer.

Binding the Company

157.

(a) The signature of each person who is appointed by the Board of Directors from time to time in general or ad-hoc, whether by himself or with other persons together with the stamp of the Company or its printed name shall bind the Company.

(b) The Board of Directors may prescribe separate signatory rights for different businesses of the Company and with respect to the amounts in respect of which the signatories are authorized to sign.

Amendment of Articles

158. The Company may amend these Articles upon a resolution passed by an ordinary majority in the General Meeting.

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Exhibit 10.1

3 Sapir St. Weizmann Science Park,POB 4132, Ness-Ziona 74140, Israel Tel: 972.73.2325600 Fax: 972.73.2325602

[Translation from Hebrew]

, 2015

To

Letter of Exemption

On the Company's Compensation Committee and the Company's Board resolved and on the Company's General Meeting resolved, by the legally required majority, to grant you a Letter of Exemption, in the form customary with the Company with respect to officers, in accordance with the provisions set forth in this Letter of Exemption, releasing you from your liability towards the Company, in whole or in part, due to damage caused as a result of breach of the duty of care towards the Company (the "**Exemption Resolution** ") except for damage caused due to breach of the duty of care of a director in distribution, within its meaning in the Companies Law 5759-1999. Given the foregoing, we hereby notify you that since you serve and/or served and/or may serve as an officer in the Company and/or subsidiaries and/or related companies thereof and/or you are employed and/or were employed and/or you might be employed in the Company and/or in subsidiaries and/or related companies of the Company, the Company confirms and undertakes towards you, subject to the provisions set forth in any law, as follows:

Subject to the provisions set forth in Sections 259 and 263 of the Companies Law 5759-1999 and the provisions of any law superseding the same, the Company hereby exempts you in advance from any liability towards it only for any damage caused to it, whether directly or indirectly, due to breach of your duty of care towards it in actions you performed in good faith, and by virtue of your position as an officer and/or an employee of the Company and/or of subsidiaries of the Company and/or related companies thereof, as they are from time to time, except for breach of the duty of care in distribution.

The Company's undertakings in accordance with this Letter of Exemption shall be construed broadly and in a manner designated to fulfill them, to the extent permissible in accordance with the provisions set forth in any law and for the purpose for which they are designated. In the event of contradiction between any of the provisions set forth in this Letter of Exemption and a cogent provision of the law, the said provision of the law shall

prevail; however this shall not affect or derogate from the effect of all the other provisions set forth in this Letter of Exemption.

The provisions set forth in this Letter of Exemption shall not derogate from the said in the Indemnification Letter granted to you by the Company, if granted.

"**Action**" or any derivative action thereof for the purpose of this Letter of Exemption -	Within its meaning in the Companies Law 5759-1999, including by way of resolution and/or omission and including all the actions performed by you before this Letter of Exemption took effect during the terms of your employment and/or term in office as an officer in the Company and/or during the period you served as officer, employee or agent of the Company in another corporation in which the Company holds securities directly or indirectly.
"**Officer**" for the purpose of this Letter of Exemption -	Within its meaning in the Companies Law 5759-1999, including any employee that the Company decides to grant him a Letter of Indemnification.

Collplant Holdings Ltd.

[Translation from Hebrew]

, 2015

To

Letter of Indemnification

On the Company's Compensation Committee and the Company's Board resolved and on the Company's General Meeting resolved to grant you undertaking for indemnification in the form customary with the Company with respect to officers, in accordance with the provisions set forth in this Letter of Indemnification (hereinafter: "**Indemnification Resolution**").

In accordance with the above, we hereby notify you that since you serve and/or served and/or you may serve as an officer in the Company and/or in subsidiaries and/or related companies of the Company and/or you are employed and/or were employed and/or might be employed in the Company and/or subsidiaries and/or related companies of the Company, the Company hereby confirms and undertakes towards you, subject to the provisions set forth in any law, as follows:

1. **Undertaking for indemnification**

Subject to the provisions set forth by law, the Company undertakes to indemnify you for any liability or expense as specified in section 2 hereunder, imposed on you due to one or more of the following:

(a) Your actions and/or derivative action thereof by virtue of your position as an officer and/or an employee of the Company and/or in subsidiaries and/or related companies of the Company as they are from time to time.

(b) Your actions and/or derivative actions by virtue of your position as an officer, employee or agent of the Company in any other corporation in which the Company holds securities whether directly or indirectly (hereinafter: "**Another Corporation**").

Including for actions that you performed before granting of this Letter of Indemnification and provided that that maximum indemnification amount as said

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shall not exceed the maximum indemnification amount specified in section 3 hereunder, for all types of liabilities and/or expenses jointly and for all officers in the Company jointly.

In this Letter of Indemnification:

"Officer"	—	Within its meaning in the Companies Law 5759-1999, including any employee to whom the Company decides to grant him a Letter of Indemnification.
"Action" or any derivative action thereof.	—	Within its meaning in the Companies Law 5759-1999, including any implied resolution and/or omission and including all actions that were performed by you before the date this Letter of Indemnification takes effect during the terms of your employment in the Company and/or subsidiaries and/or related companies thereof and/or during your terms in office as an officer in the Company and/or subsidiaries and/or related companies thereof and/or in Another Corporation as defined hereinabove.

2. **Grounds for indemnification**

The undertaking for indemnification as specified in section 1 hereinabove shall apply for any indemnifiable liability or expense in accordance with the provisions set forth in any law and in accordance with the Company's Articles, as specified hereunder:

2.1. Financial liability that is imposed on you in favor of another person in accordance with a judgment, including a judgment that was granted by way of settlement or an arbitral award that was certified by the court, in connection, directly or indirectly, with one or more of the events specified in the Addendum of this Letter of Indemnification (hereinafter: "**Addendum**") or any part thereof (hereinafter "**Determining Events**") provided that the maximum indemnification amount for each of the Determining Events shall not exceed the amount set forth in the Addendum, linked to the consumer price index as of the date of signing this Letter of Indemnification and until the actual indemnification date, for each of the Determining Events, with relation to each event and each officer in the Company separately (hereinafter: "**Total Liability**");

2.2. Reasonable litigation expenses, including attorney fees, that you made due to an inquiry or a proceeding held against you by a competent authority, and that ended without submitting an indictment against you and without imposing on you financial liability as alternative to criminal proceeding, or that ended without submitting an indictment against you however by imposing financial liability as alternative to criminal proceeding in an offense that does not require proof of criminal intent; in this paragraph —

"**Ending a proceeding without submitting an indictment in a matter in which criminal inquiry was opened**" — shall mean closing the case in accordance with Section 62 of the Criminal Procedure Law [Consolidated Version] 5742-1982 (in this subsection "Criminal Procedure Law") or stay of proceedings by the Attorney General in accordance with Section 231 of the Criminal Procedure Law;

"**Financial liability as alternative to criminal proceeding**" — financial liability that was imposed by law as alternative to criminal proceeding, including an administrative fine in accordance with the Administrative Offenses Law, 5746-1985, a fine imposed on an offense that is considered as fine offense in accordance with the provisions set forth in the Criminal Procedure Law, financial sanction or forfeit.

2.3. Reasonable litigation expenses, including attorney fees, that you will pay or will be obligated to pay by a court, in a proceeding that was instituted against you by the Company or in its name or by another person, or criminal indictment from which you will be acquitted, or criminal indictment in which you are convicted of an offense that does not require proof of criminal intent.

2.4. Expenses that you paid in connection with an administrative enforcement proceeding that was held in your case, including reasonable litigation expenses, including attorney fees.

For the purpose of this matter:

"**Administrative Enforcement Proceeding**" — any proceeding instituted under Chapter H.3, H.4 or I.1 in the Securities Law.

"**Securities Law**" — Securities Law 5728-1968, as amended from time to time.

2.5. Payment to the party injured by the breach, as specified in Section 52bbb(a)(1)(a) of the Securities Law ("**Payment to the Injured Party**").

2.6. Liability or any other expense that is indemnifiable in accordance with the Companies Law.

The litigation expenses specified in sections 2.2, 2.3 and 2.4 above shall be referred to hereinafter: "**Litigation Expenses**".

3. **Indemnification amount**

3.1. Cumulative indemnification amount

The total indemnification amount that the Company shall pay to all officers in the Company (including any employee to whom the Company decides to grant a Letter of Indemnification) cumulatively in accordance with all letters of Indemnification that are issued and that will be issued to them by the Company in accordance with the Indemnification Resolution (the hereinafter: " **Letters of Indemnification** ") shall not exceed an amount that is equal to 25% of the determining equity of the Company, in addition to all the amounts received from an insurance company, if received, as part of senior employees insurance in the Company that the Company purchased and/or will purchase from time to time with respect to the Total Liability and/or Litigation Expenses and/or Payment to the Injured Party (hereinafter: "**Maximum Indemnification Amount**"). For the purpose of this matter, the "**Company's Determining Equity**" shall mean the equity of the Company in accordance with its last consolidated financial statements as of the indemnification payment date.

It is hereby clarified that payment of the indemnification amount as specified hereinabove shall not affect your right to receive insurance benefits for the Determining Events set forth in the Letter of Indemnification and that are insured with an insurance company, that the Company receives on your behalf from time to time, if any, as part of any senior employees insurance in the Company.

Without derogating from the said in section 5.6 hereunder, it is hereby emphasized expressly that the Company's payments shall constitute "another tier" in addition to the total amount of all insurance benefits that are paid by the Insurer and/or in addition to the indemnification of anyone else except for the Company, to the extent that such payments are made, on the condition that you shall not receive double indemnification for a liability or an indemnifiable expense as specified in section 2 above and in the event you receive indemnification from an insurer of the Company in accordance with the senior employees insurance or by virtue of any other indemnification agreement with respect to the indemnifiable action,

indemnification shall be provided to you in the amount equal to the difference between the financial liability that was imposed on you and the legal expenses, and the amount that was received by virtue of the insurance policy or the other indemnification agreement for the same matter, provided that the indemnification amount that the Company undertook to pay shall not exceed the Maximum Indemnification Amount. In addition, it is emphasized that this undertaking for indemnification is not a third party contract, including in favor of any insurer, and it may not be assigned, and no insurer shall be entitled to claim the participation of the Company in any payment that the insurer is obligated to make in accordance with an insurance contract made with him, except for the deductible amount set forth in the agreement as said.

If all indemnification amounts that the Company is required to pay at any given time, in addition to all indemnification amounts that the Company paid until that time in accordance with the Letters of Indemnification, exceed the Maximum Indemnification Amount, the Maximum Indemnification Amount, or balance thereof, as the case may be, shall be divided among officers in the Company who shall be entitled to indemnification amounts as said with respect to requests they submitted with the Company in accordance with the Letters of Indemnification and that were not paid to them before that time, in a manner that the indemnification amount that each of the said officers receives as said shall be calculated in accordance with the pro-rata ratio between the indemnification amount due to each of the officers and the indemnification amount due to the said officers, cumulatively, on that date and with respect to the said requests.

In the event the Company paid indemnification amounts to officers in the Company in the amount of the Maximum Indemnification Amount, the Company shall not incur additional indemnification amounts if payment of the additional indemnification amounts is approved in the organs of the Company that are authorized to approve the said increase and in accordance with the provisions set forth in any law on the date of payment of the additional indemnification amounts and subject to altering the Company's Articles, if required, in accordance with the provisions set forth in any law.

3.2. Indemnification amount for the Determining Events

Subject to the provisions set forth in section 3.1 hereinabove, the undertakings for indemnification for each of the Determining Events shall

be limited with respect to each officer in the Company separately and for each discrete event, in the amount of liability or the expense that is indemnifiable as said, however in an amount that shall not exceed the Maximum Indemnification Amount with relation to each of the Determining Events.

4. **Interim payments**

Upon the occurrence of an event in respect of which you may be entitled to receive indemnification in accordance with the foregoing, the Company shall provide to you, from time to time, the funds required for the purpose of paying for the expenses and the other payments in connection with handling any legal proceeding instituted against you in connection with the said event, including inquiry proceedings, in a manner that you shall not be required to finance or pay for them by yourself, subject to the provisions and the terms set forth in this Letter of Indemnification. It should be emphasized that the Company shall not request you to provide any securities as a condition for transfer of the said funds.

In the event the Company pays you or on your behalf any amount under this Letter of Indemnification in connection with a legal proceeding as said, and then it transpires that you are not entitled to indemnification from the Company for the said amounts, the provisions set forth in section 5.8 shall apply.

5. **Terms of indemnification**

Without derogating from the foregoing, indemnification in accordance with this Letter of Indemnification is subject to the following terms:

5.1. Indemnification notice

You shall notify the Company regarding any legal proceeding and/or inquiry instituted by a competent authority against you, or any concern or threat that the said proceedings will be instituted against you in connection with any event in respect of which indemnification may apply (hereinafter jointly and severally: "**Proceeding**"), immediately after becoming first aware of the said (hereinafter: "**Indemnification Notice**") and you shall deliver to the Company and/or whoever the Company instructs any document delivered to you and/or that you possess in connection with the said Proceeding.

Failure to deliver the Indemnification Notice in accordance with the foregoing shall not release the Company from its undertakings in accordance with this Letter of Indemnification, except for circumstances in

which failure to deliver the Indemnification Notice as said shall have material effect on the Company's rights to defend in its name (in the event the Company is also a party in the said Proceeding) and/or on your behalf against the claim and in the scope of damage as said.

5.2. Handling defense

The Company shall be entitled to handle your defense against the said Proceeding and/or refer the said defense to any attorney that the Company deems fit (except for an attorney whose identity you do not accept for reasonable reasons). The Company and/or the attorney as said shall act within the said Proceeding so as to bring the Proceeding to an end; the

attorney that was appointed by the Company as said shall act and shall owe the duty of trust towards you and the Company. Where a conflict of interests is created between you and the Company in the course of defense against the said Proceeding, the said attorney shall notify you about the conflict of interests and you shall be entitled to appoint an attorney on your behalf to handle your defense and the provisions set forth in this Letter of Indemnification shall apply to expenses you make in connection with appointment of an attorney as said. the Company shall not be entitled to end the said Proceeding by way of settlement and/or arrangement and/or shall agree to a settlement and/or arrangement as a result of which you are required to pay amounts for which you shall not be indemnified in accordance with this Letter of Indemnification and that shall not be paid within senior employees insurance in the Company that is purchased, if purchased, by the Company and/or its subsidiaries and/or related companies and/or Another Corporation, without obtaining your prior and written consent for the settlement that is reached. In addition, the Company shall not be entitled to decide the said dispute by way of arbitration or conciliation or mediation, without obtaining your prior and written consent, provided that you do not withhold your consent however for reasonable reasons that are delivered to the Company in writing. To dispel any doubt, even if the dispute in the Proceeding is referred to arbitration or conciliation or mediation or any other manner, the Company shall incur all expenses in connection therewith.

Notwithstanding the said, the Company shall not be entitled to terminate the said Proceeding by way of settlement and/or arrangement and/or bring the dispute subject matter of the said Proceeding to decision by way of arbitration or conciliation or mediation in the event criminal charges are made against you, without obtaining your prior and written consent. You

may withhold consent as specified in this paragraph at your sole discretion, and without having to provide reasons for your decision.

If, within 7 days as of the date of receiving the Indemnification Notice by the Company, as specified hereinabove, the Company does not handle your defense against the said Proceeding, or if you object to your representation by the Company's attorneys for reasonable reasons or due to concern of a conflict of interests, you shall be entitled to be represented by an attorney who shall be selected by you, and the provisions set forth in this Letter of Indemnification shall apply to expenses you make with respect to the appointment of such an attorney as said.

5.3. Cooperation with the Company

At the request of the Company, you shall sign any document the empowers the Company and/or any attorney as specified hereinabove to handle defense on your behalf in that Proceeding and provide you representation in anything associated therewith, in accordance with the provisions set forth above.

You shall cooperate with the Company and/or any attorney as specified hereinabove and shall uphold all the provisions set forth by the insurers in accordance with any senior employees insurance that the Company and/or you engage in connection with defense against the Proceeding, and in any reasonable manner required from you by any thereof as part of their handling of the said Proceeding, provided that the Company or the insurance company, as the case may be, shall assure coverage of all your expenses in anything associated therewith, in a manner that you shall not be required to pay or finance them for yourself, subject to the provisions set forth in sections 1 and 3 above.

5.4. Coverage of liabilities

Whether or not the Company acts in accordance with the provisions set forth in section 5.2 above, the Company shall assure coverage of the liabilities and expenses specified in section 2 hereinabove, in a manner that you shall not be required to pay or finance them by yourself, and this shall not derogate from the indemnification provided to you in accordance with this Letter of Indemnification and/or the insurance company that the Company purchases from time to time, if any, and subject to the provisions set forth in sections 1 and 3 hereinabove.

5.5. Non-applicability of indemnification in the event of settlement or admission

Indemnification in connection with any Proceeding instituted against you, as specified in this Letter of Indemnification, shall not apply to any amount due from you to a plaintiff following a settlement or arbitration, unless the Company grants its written consent to the said settlement or arbitration, as the case may be, however the Company shall not withhold its consent as said however for reasonable reasons.

In addition, indemnification shall not apply in the event of your admission of criminal indictment in an offense that does not require proof of criminal intent, unless the Company granted its prior and written consent to your admission.

5.6. Non-applicability of indemnification in circumstances of indemnification or third party insurance

The Company shall not be required to pay any amount in accordance with this Letter of Indemnification for any event, to the extent that the said amounts were paid to you or for you or on your behalf in any manner within senior employees insurance in the Company, or within indemnification of a third party except for the Company.

For the purpose of the Company's undertaking for indemnification for an act you committed or will commit by virtue of your position as an officer of the Company and/or an employee in a subsidiary and/or related company and/or Another Corporation of the Company (hereinafter jointly and severally: "**The Indebted Corporation**") the following provisions shall further apply:

(a) The Company shall not be required to pay any amounts in accordance with this Letter of Indemnification that you shall be entitled or receive and that you will receive from the Indebted Corporation within an insurance policy that was arranged by the Indebted Corporation and/or in accordance with advance undertakings for indemnification or in accordance with a permit for indemnification that was granted by the Indebted Corporation.

(b) If your request to receive indemnification and/or insurance coverage for an action you committed by virtue of your position in the Indebted Corporation and that could be indemnifiable in accordance with this Letter of Indemnification, as the case may be, the Company shall pay you, in accordance with this Letter of Indemnification,

amounts you shall be entitled to receive in accordance with this Letter of Indemnification, if you are entitled to receive the said amounts, and you shall assign to the Company your rights to receive amounts from the Indebted Corporation and/or in accordance with an insurance policy of the Indebted Corporation and you shall empower the Company to recover these amounts on your behalf, to the extent that such empowerment is required for the purpose of upholding the provisions set forth in this section. For the purpose of this matter you undertake to sign any document required by the Company for the purpose of assigning your said rights and empowering the Company to collect the amounts on your behalf.

(c) To dispel any doubt it is clarified that this Letter of Indemnification shall not grant the Indebted Corporation and/or any other third party any rights towards the Company including, however without derogating from the generality of the aforesaid, a right to claim and/or demand any payment from the Company as participation in the indemnification and/or the insurance coverage granted to you by the Indebted Corporation for an act you committed by virtue of your position in the Indebted Corporation.

5.7. Payment of indemnification

Upon receiving your request to make any payment in connection with any event subject matter of this Letter of Indemnification, the Company shall take all actions required by law for the purpose of making the said payment, and shall act for the purpose of regulating any payment required in connection therewith, if required. If any confirmation is required for the purpose of making the said payment, and the said payment is not approved for any reason, this payment or any part thereof that is not approved as said shall be subject to the approval of the Court and the Company shall act to obtain the said payment.

5.8. Return of indemnification amounts that were paid

In the event the Company pays you or on your behalf any amounts as part of this Letter of Indemnification in connection with the said Proceeding, and then it transpires that you are not entitled to receive indemnification from the Company for the said amounts, these amounts shall be deemed as a loan granted to you by the Company, that shall incur interest in a minimal rate as set forth from time to time in accordance with the provisions set forth in any law, so that it does not constitute a taxable benefit by the party receiving the loan, and you shall be required to return the said amounts to the Company, in addition to statutory VAT for the

interest, according to a payment schedule set forth by the Company (as of the date of signing this Letter of Indemnification the said interest shall be at a rate of 4%) provided that the said amounts shall be paid fully to the Company until and no later than 6 months as of the date the Company found that you are not entitled to receive indemnification for the said amounts.

5.9. Provision of securities in favor of the insurer

Notwithstanding the said in this Letter of Indemnification (including section 4 above) since, as specified in section 3.1 above, the Company's payments shall constitute an "additional tier" in addition to the insurance benefits that are paid to you by the insurer, to the extent that such payments are made, then in any event in which you might be entitled to indemnification, in which you are required to pay different expenses and payments in connection with handling legal proceedings held against you and that are connected to the said event, you shall first approach the insurer for the purpose of obtaining the moneys required for covering the said expenses and payments. For that purpose the Company hereby undertakes to provide to the insurer all securities required by the insurer, to the extent required, for the purpose of obtaining the said moneys, provided that the amount of the said securities shall not exceed the Maximum Indemnification Amount, within its meaning hereunder.

If, at a later stage, it transpires that you are not entitled to receive the moneys you receive, to the extent received, from the insurer, you shall be required to return the said amounts immediately so as to release the securities that the Company provided to the insurer. If you fail to do so, the securities that were provided by the Company to the insurer and that were realized by the insurer, shall be deemed as a loan under terms as specified in section 5.8, *mutatis mutandis*.

6. **Indemnification period**

The Company's undertakings in accordance with this Letter of Indemnification shall be in your favor and/or in favor of your estate indefinitely even after termination of your employment with the Company and/or your term in office as an officer in the Company and/or in subsidiaries and/or related companies thereof and/or Another Corporation within its meaning hereinabove, as the case may be, provided that the actions in respect of which indemnification is granted were performed during the period of your employment in the Company and/or your term

in office as an officer in the Company and/or subsidiaries and/or related companies of the Company and/or in that other corporation.

7. The Company's undertakings in accordance with this Letter of Indemnification shall be construed broadly and in a manner intended for their performance, to the extent permitted by law, for the purpose for which they are intended. In the event of discrepancy between any of the provisions set forth in this Letter of Indemnification and any cogent provision of the law, the said provision of the law shall prevail, however this shall not affect or derogate from the effect of the other provisions set forth in this Letter of Indemnification.

8. This Letter of Indemnification shall take effect upon your signature on the designated place and delivery of the signed copy to the Company.

9. Anything stated in this Letter of Indemnification shall not derogate from the said in the Letter of Indemnification granted to you by the Company, if granted.

10. The Addendum of this Letter of Indemnification shall constitute an integral part thereof.

11. This Letter of Indemnification shall be governed by the laws of the State of Israel and the competent Court in Tel Aviv shall be vested with exclusive jurisdiction over any dispute arising out of this Agreement.

And in witness hereof the Company is hereby undersigned:

Date: _____ _____

Collplant Holdings Ltd.

I, the undersigned, hereby confirm receipt of this Letter of Indemnification and I confirm by consent to its terms, including to the terms set forth in section 5.8 hereinabove.

Addendum

	Determining Events	Total Liability (NIS)(1)
1. 1	Any claim or demand submitted by a customer, supplier, contractor, or any other third party that maintains any kind of business with the Company, its subsidiaries, related companies or Another Corporation within its meaning hereinabove (hereinafter in this Addendum jointly and severally: "**The Company**") including in connection with maintaining negotiations with them.	5,000,000
2. 2	Any claim or demand submitted in connection with a transaction, whether or not performed in the regular course of business of the Company, including in respect of receipt of credit, sale, lease, transfer or acquisition of assets or liabilities, including securities, and receipt and/or granting an option to sell, lease, transfer or acquire assets or liabilities as said.	20,000,000
3. 3	Any claim or demand submitted by employees, advisors, agents or other individuals or an entity that is employed or provides services to the Company in connection with damages that they owe or damages or liabilities that were caused to them in connection with their employment by the Company or their engagement with the Company, including also events that are connected to the terms of employment of employees and employer-employee relationship including employee promotion, handling pension arrangements, insurance and saving funds, granting securities and other benefits.	2,000,000

(1) The amounts specified hereunder are linked to the consumer price index as of the date of signing this Letter of Indemnification and until indemnification is paid.

4. 4	Any claim or demand in connection with non-disclosure or failure to provide any type of information within the timeframe required for that purpose by law, or in connection with misstatement or defective disclosure of the said information to third parties, including to holders of securities of the Company, or to holders of securities by force, including in anything related to insurance, allotment, distribution, acquisition, possession or relationship to the Company's securities or any other activity of investment that involves or that is affected by the Company's securities. Without derogating from the generality of the aforesaid, this Event shall also apply with relation to the offering of securities for the public in accordance with a prospectus, private offering, an alternate acquisition offer or any other kind of offering. Any claim or demand with relation to non-disclosure or failure to provide any information in the timeframe required for that purpose by law, or in connection with misstatement or defective disclosure of such information as said to third parties, including income tax, VAT, National Insurance Institute, investments center, municipalities, Ministry of Environmental Protection and any other governmental or institutional or professional union or another.	40,000,000
5	Any claim or demand in connection with any Event that derives from issue of the Company's securities for the public or private placement (including, however not limited to, claims that are based upon a prospectus that was published by the Company, or disclosure or non-disclosure of particulars therein, or report or failure to report in any matter following the issue, or fulfillment or failure to fulfill the relevant provisions of securities laws) including any claim or demand in connection with all matters that required disclosure in the prospectus, including any draft thereof, that occurred before the prospectus date or thereafter, in the period starting on the prospectus effective date and ending upon expiration of the period for submission of orders that were not properly disclosed by law in the prospectus or in later reports delivered by the Company (hereinafter: "Partial or Misleading Report") provided that immediately after the officer became aware of the existence of the Partial or Misleading Report in the prospectus he acted as required by law. For the purpose of this paragraph, "reports" — including periodic reports, immediate reports, financial statements and any other report that the Company or the officer are required to provide in accordance with the provisions set forth in any law.	40,000,000
6	Any claim or request submitted in connection with the cause that was committed or alleged to have been committed or misuse of copyrights of a third party by the Company or anyone acting on its behalf including in connection with breach of different patent rights.	1,000,000

7	Any claim or demand submitted by a lender or a creditor or in connection with funds provided by them, or the Company's debts owed to them.	35,000,000
8	Any claim or demand submitted by a third party who suffers from physical injury or damage to a business or personal property including loss of use thereof in the course of any action or omission attributed to the Company, or to its employees, agents respectively, or other persons that act or argue that they act on behalf of the Company.	1,000,000
9	Any claim or demand that are submitted directly or indirectly in connection with an omission, in whole or in part, by the Company, or by the officers, the managers or employees of the Company, in anything related to payment, reporting, or documentation of documents of one of the State's authorities, an external authority, a municipal authority or any other payment required in accordance with the laws of the State of Israel and any other state, including payment of taxes on income, sale tax, betterment tax, transfer taxes, excise tax, VAT, stamp tax, customs, National Insurance Institute, wages or stay of wages to employees or other delays, including any kind of interests and additions for linkage.	10,000,000
10	Any claim or request submitted by buyers, owners, lessors, tenants or other possessors of properties or products of the Company, or individuals who are engaged in the said products, for loss or damage in connection with use of the said products or properties.	20,000,000
11	Any administrative, public or judicial action, judgments, claims, requests, letters of claim, directions, arguments, charges, attachments, inquiry proceedings, or notice on incompliance or breaches on behalf of a government authority or other entities that argue for potential liability or responsibility (including for expenses in connection with enforcement, inquiries, responses by government authorities, cleaning, elimination or repair of damage caused to natural resources, damage to the land, bodily damage or fines or contributions, indemnification, convalescence payments, compensation) as a result thereof, in or outside Israel, that are based upon or related to: (a) Release of a liquid, emission, leak, flooding, spill, elimination, secretion, filtration or migration on and/or under and/or above the ground (hereinafter jointly: "**Pollution**") or risk of pollution or exposure to any type of hazardous, poisonous, explosive or radioactive material or other materials in respect of which there is an obligation to regulate them in accordance with environmental laws in any premises that are owned, operated, leased or managed by the Company. (b) Circumstances that give rise to any type of violation of environmental laws, environmental licenses, permits or additional permits that are required in accordance with environmental laws.	5,000,000

12	Any administrative, public and judicial act, orders, judgments, claims, requests, letters of request, directions, arguments, inquiries, proceedings or notices on incompliance or violation of an act performed by a government authority or any other entity arguing for violation of the provisions of any law, regulation, order, ordinance, rule, practice, instruction, authorization or judgment by the Company or officers therein within the scope of their position.	5,000,000
13	Any claim or demand referring to restructuring or reorganization of the Company or any resolution in connection therewith including, however without derogating from the generality of the aforesaid, merger, split, change in the Company's capital, the establishment of subsidiaries, their dissolution or sale to third parties.	5,000,000
14	Any claim or request referring to resolutions or activities of the Company or officer therein as part of his position in the Company, after the appropriate inspections and consultations in respect whereof were carried out and in connection with the type of the resolution or activities as said, including resolutions that were made in the Company's Board or committees thereof.	5,000,000
15	Any claim or request referring to a statement, expression, including expression of a position or an opinion in voting in the general meetings of corporations and/or other organs of corporations that was made by the officer within his position in the Company.	3,000,000
16	Any claim or demand with relation to the opinion of the Company's Board to offerees in an offer, regarding the feasibility of a special acquisition offer in accordance with Section 329 of the Companies Law 5759-1999, or avoidance from giving such an opinion as said.	10,000,000
17	Any claim or demand referring to the Events specified hereinabove, in connection with the term in office of the officer in subsidiaries and/or related companies of the Company and/or Another Corporation if done as part of his position as officer in the Company and/or as an employee in one of the said companies.	10,000,000
18	All actions in connection with performance of a transaction in insurance or actions that resulted in failure to engage in adequate insurance arrangements, including engagement with reinsurers and/or agents and/or insurers and/or insureds and/or other customers.	10,000,000
19	Any action in connection with distribution, including for the purpose of acquiring the Company's shares, provided that indemnification in respect of such action does not violate the law.	15,000,000
20	Any claim or demand submitted in connection with sale, acquisition or holding of tradable securities for or on behalf of the Company.	20,000,000

21	Any claim or demand submitted with relation to an action connected to investments that the Company examines and/or performs in any securities, performed in the stages before and/or after making the investment, for the purpose of engaging in a transaction, performance, development, supervision and monitoring thereof.	20,000,000
22	Any claim and demand on behalf of holders of securities of the Company, including future security holders in the Company (including shares) or the Company's creditors, for violation of company laws, securities laws or any other law that grants them a cause of action.	40,000,000
23	Any claim or request submitted in connection with an appointment or application for appointment of a receiver over the assets of the Company and/or subsidiaries and/or related companies thereof or any part of their assets and/or an application for winding-up filed against the Company and/or subsidiaries and/or related companies thereof and/or any proceeding for the purpose of settlement or arrangement with creditors of the Company and/or subsidiaries and/or related companies of the Company.	20,000,000
24	Actions connected with, *inter alia*, and without derogating from the generality of the aforesaid, the acquisition or sale of companies, legal entities or assets, and events connected, directly or indirectly, to antitrust, including restrictive arrangements, monopolies, splits or mergers and legal and other consequences that may arise out of the said.	20,000,000
25	Any claim or request submitted with relation to an action that pertains to a report on notice submitted in accordance with the Companies Law 5759-1999 and/or the Securities Law 5728-1968 including regulations promulgated thereunder, or in accordance with laws and regulations that pertain to similar matters outside Israel, or in accordance with rules or instructions that are customary in the Israeli stock exchange or outside thereof and/or avoidance of submitting a report or notice as said.	40,000,000

Exhibit 10.2

AGREEMENT

Duly made and entered into on the 13 day of July, 2004

By and between

Meytav Technological Enterprises Initiation Center Ltd.
an Israeli private company No. 51 –172295-1
P.O.B. 408, Kiryat Shmona 11013, Israel
(**"Meytav"**)

Yehuda Tsafrir Feigin
I.D. No. XXXXXXX
of Haela St. 17
Timrat 23840
(**"YTF"**)

and

Yissum — the Company for the Development of Research of
The Hebrew University of Jerusalem Ltd
An Israeli private company No. 51-042453-4
Edmond Safra Campus, Givat Ram
P.O.B. 39135, Jerusalem 91390, Israel
(**"Yissum"**)

and

Professor Oded Shoseyov
I.D. No. XXXXXXX
of Erez St. 5
Karmei Yosef
(the **"Researcher"**)

(Yissum and Shoseyov together: the **"Entrepreneurs"**)

WHEREAS: the Researcher is an expert in the field of plant sciences and genetics in agriculture and is employed by The Hebrew University of Jerusalem; and

WHEREAS: Yissum operates as an agent of the Hebrew University of Jerusalem (the **"University"**) in connection with the commercialization of the results of the researches that take place in the University;

WHEREAS: YTF initiated and developed the idea for the development of the product (as defined below) and for establishing the Company (as defined below) together with Meytav and the Entrepreneurs.

WHEREAS: the Researcher has developed intellectual property (more fully described in **Appendix D** hereto), which will form the basis for the development of the Product; and (i)Yissum is the sole owner of all the rights in this intellectual property(subject to (ii) below); and (ii) to the best of the knowledge of the Researcher and Yissum, all these rights are free and clear of encumbrances and all other third party rights, and (iii) it is not aware of any restriction at law, agreement or undertaking applicable to the Entrepreneurs which could interfere with the performance of the Entrepreneurs' undertakings pursuant to this Agreement; and

WHEREAS: Meytav is a privately held company which operates a technological incubation center established in accordance with the rules of the Office of the Chief Scientist of the Ministry of Industry and Trade (the **"OCS"**) whose purpose is to encourage and assist scientists and technological entrepreneurs to develop and commercialize their ideas (the **"Incubator Program"**); and

WHEREAS The OCS has approved an application for the grant of funds submitted by Meytav on behalf of the Entrepreneurs to conduct a program for the research and development of the Product (as defined below) in accordance with the Technical Specifications, the Work Plan and the Budget (as such terms are defined below) within the framework of Meytav, in accordance with the terms and conditions of the written approval attached as **Appendix A** hereto (the **"OCS Approval"**)

WHEREAS: Meytav, YTF and the Entrepreneurs wish to cooperate in the research, development and commercial development of the Product in the framework of a company to be established for this purpose, all according to the terms of this Agreement;

NOW, THEREFORE, the parties agree as follows:

1. **Preamble; Headings and Interpretation**

1.1 Preamble and Appendices.

The preamble and the following appendices to this Agreement form an integral part hereof:

APPENDIX A OCS Approval

APPENDIX B Articles of Association

APPENDIX C Budget for the Approved Project

APPENDIX D Intellectual Property Assignment Agreement

APPENDIX E Meytav Undertaking with respect to the Project

APPENDIX F Technical Specifications for the Product

APPENDIX G Work Plan for the Project

APPENDIX H. 1 YTF's Employment Agreement

APPENDIX H. 2 Yissum's Consultancy Agreement

APPENDIX I Capitalization Table of the Company

APPENDIX J Services to be provided to the Company by Yissum.

1.2 Headings. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words "included," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." No rule of construction shall be applied to the disadvantage of a party by reason of that party having been responsible for the preparation of this Agreement or any part hereof.

1.3 Definitions.

The terms defined in this Section 1.3 shall, for the purposes of this Agreement, have the meanings herein specified.

"Articles" should mean the Articles of Association of the Company in the form attached hereto as **Appendix B**.

"Approved Project" shall mean the program for the research and development of the Product within the framework of Meytav as approved for funding in accordance with the OCS Approval, including the Technical Specifications and the Budget;

"Assignment Agreement" shall mean the agreement between the Researcher, Yissum and the Company attached hereto as **Appendix D**;

"Budget" the budget for the Approved Project attached hereto as **Appendix C**, as may be amended from time to time with the approval of Meytav, and the OCS, if required;

"Company" means the company incorporated by the parties in accordance with Section 4 below;

"Improvement" shall mean any improvement, enhancement, refinement, derivative works, modification or other new invention or discovery, whether patentable or unpatentable, deriving from or otherwise relating to, in whole or in part, any of the claims of any of the Patents hereto, any of the Trade Secrets or the Products, including, without limitation, those relating to the physical shape, design or configuration, composition, formulation or use of a Product or the Technology or the process by which the Products are manufactured;

Incubator Period" shall have the meaning set out in Section 13 of this Agreement;

"Meytav Undertaking" shall mean the undertaking of Meytav to the Technology Incubators Administration of the OCS with respect to the Company, in the form attached hereto as **Appendix E**.

"OCS" shall have the meaning set out in the preamble hereto;

"OCS Approval" shall have the meaning set out in the preamble hereto;

"Patent" or **"Patents"** shall mean unexpired patents, utility models, industrial designs, certificates of invention or similar grants of intellectual property rights developed or invented by the Company and/or the Researcher and/or YTF, that are filed, registered, issued or granted anywhere in the world relating to the Product, including without limitation, any divisionals, reissues, continuations, continuations-in-part, renewals, reexaminations, and extensions of any of the foregoing, and any applications therefore (and Patents which may issue on such applications);

"Product" means a method for the manufacture of quality human collagen in plants and any and all components thereof developed by the Company and/or the Researcher and/or YTF;

"R&D Law" means the Law for the Encouragement of Industrial Research and Development, 5744-1984 as amended or supplemented from time to time and all regulations promulgated thereunder;

"Rules and Regulations" shall have the meaning set out in Section 1.4 of this Agreement

"Supplementary Financing" shall have the meaning set out in Section 10 below.

"Technical Specifications" shall mean the technical specifications for the Product prepared by all the Parties hereto, including the milestones and the performance timetable, submitted to the OCS in connection with the Approved Project, attached hereto as **Appendix F**;

"Technology" shall mean the Patents and the Trade Secrets;

"Trade Secrets" shall mean (i) know-how, formulas, methods, processes, systems and other proprietary information owned by or licensed to the Company concerning or relating to or that are or may be useful or necessary in the design, development, production, distribution, use, marketing or sale of the Product, and (ii) any Improvement or other proprietary information now or hereafter owned by or licensed to the Company that is not patentable or that the Company has elected to maintain as a Trade Secret and concerning or relating to or that is or may be useful or necessary in the design, development, production, distribution, use, marketing or sale of Product.

"Work Plan" a detailed monthly work plan for the Project covering twenty four (24) months from commencement of the Project, attached as **Appendix G** hereto.

1.4 Rules and Regulations. This Agreement will at all times be subject to the R&D Law, the rules and regulations of the OCS, the OCS Approval, relevant provisions of the Director General of the Ministry of Trade and Industry, the agreement between Meytav and the OCS, the OCS Approval, the Meytav Undertaking, the rules and regulations of the Incubator Program, and the internal rules and procedures of Meytav, all as shall be applicable from time to time (collectively, the **"Rules and Regulations"**) and the Rules and Regulations shall be considered as part of this Agreement. Any material amendments or additions to the Rules and Regulations relevant to the Approved Project or the obligations of the Entrepreneurs pursuant to this Agreement will be brought to the attention of the Entrepreneurs in a reasonable time after publication. In the event that such amendments or additions are materially detrimental to the Entrepreneurs' rights pursuant to this Agreement, the Parties shall enter into good faith negotiations regarding terms under which Approved Project shall continue.

In addition, the provisions of this Agreement relating to performance of the OCS Approval and the other Rules and Regulations shall be considered as "a contract for the benefit of a third party" as defined in the Contracts (General Part) Law 5733-1973 and the "third party" shall be considered the State of Israel.

2. The Approved Project

2.1 Performance by the Entrepreneurs. The Entrepreneurs, YTF and the Company will perform the Approved Project in the framework of the Incubator Program in accordance with OCS Approval, and the provisions of this Agreement. The performance of the Approved

Project will be conditional upon the execution of the Assignment Agreement.

2.2. Facilitation by Meytav. Meytav will facilitate the performance of the Approved Project in accordance with the Incubator Program and will provide the Company with the services set out in Section 6 below.

2.2 Employment of YTF. Yissum and YTF will be responsible for performing the Approved Project. YTF shall be employed by the Company for this purpose in accordance with the Employment Agreement in the form attached hereto as

Appendix H.1. Yissum shall provide consulting services to the Company, in accordance with such terms and conditions set forth in the consultancy agreement, attached hereto as **Appendix H.2**

3. **Representations and Warranties of the Entrepreneurs and YTF**

Yissum, the Researcher and/or YTF (as the case may be) represent(s) and warrant(s) as follows:

3.1 The Entrepreneurs have not disclosed the Researcher's ideas for the Project to any third party and (i) subject to (ii) below, Yissum is the sole owner of the intellectual property existing as of the date of execution of this Agreement with respect to the Product, and (ii) to the best of their knowledge, such intellectual property rights are free and clear of any encumbrance and other third party right (other than rights of the University and the Researcher for a portion of the proceeds from its commercialization); and (iii) they have not granted or undertaken to grant, any right to any third party relating to the Product, directly or indirectly; and (iv) to the best of their knowledge, they are free to develop and commercialize the Product in the framework of the Company without any restriction whatsoever; and (v) to the best of their knowledge, the performance of the Approved Project and the development of the Products will not infringe the intellectual property rights of any other person, or constitute a breach of any employment and/or non-competition and/or confidentiality agreement to which the Entrepreneurs are a party;

3.2 The Entrepreneurs have delivered to Meytav copies of the Technical Specifications, the Budget and the Work Plan and related materials, as requested by Meytav and the Company;

3.3 The Entrepreneurs acknowledge that Meytav undertake to raise the Supplementary Financing or any other finance for the Project;

3.4 The Entrepreneurs have made full and complete disclosure to Meytav of all material aspects relating to the Product, the Technical Specifications, the Approved Project and the other undertakings pursuant to this Agreement and they have brought to the attention of

Meytav all problems and/or possible difficulties of which they are aware in connection with the Product. To the Entrepreneurs' best knowledge, this Agreement and other documents delivered to Meytav in connection herewith do not contain any untrue statement and do not omit to state a fact necessary in order to make the statements contained therein and herein not misleading;

3.5 The Entrepreneurs and YTF are aware that a substantial portion of the funding for the Approved Project will come from the OCS or other governmental bodies and they will comply with all legal and contractual requirements applicable today or which may be applicable in the future (subject to the provisions of Section 1.4 above). Without derogating from the aforesaid, the Entrepreneurs and YTF acknowledge that they are familiar with the provisions of the R&D Law and that this law cannot be excluded or amended by agreement and in any case of contradiction between the provisions of this Agreement and the R&D Law, the provisions of the R&D Law will prevail and the Entrepreneurs and YTF will not have any claims or demands in connection therewith;

3.6 The Researcher and YTF have not been involved and are not involved in any technological incubation/innovation center which has been supported by the OCS and the Entrepreneurs and YTF have not previously received funding for the Approved Project from the OCS, and have not received direct or indirect financial support from any other governmental body for the development of the Technology and the Products.

4. **The Company**

4.1. Incorporation. As soon as practical following execution of this Agreement, the parties undertake to incorporate the Company as a private company limited by shares and for this purpose to execute and file the Articles and the other required forms and documents of incorporation with the Israeli Registrar of Companies

4.2. Name. The name of the Company shall be CollPlant, Ltd. or any other name agreed by the parties and accepted by the Registrar of Companies.

4.3. Registered Share Capital. The registered share capital of the Company shall be one million New Israeli Shekels (NIS 1,000,000) divided into ten million (10,000,000) Ordinary Shares of NIS 0.1 par value each.

4.4. Initial Shareholding. Upon incorporation of the Company, the parties will subscribe for 100,000 Ordinary Shares which will be held as follows:

4.4.1 Yissum: 32,000 Ordinary Shares

4.4.2 YTF: 7,000 Ordinary Shares

4.4.3 Meytav: 61,000 Ordinary Shares of which 5,000 will be allocated to Meytav's management, at least 8,400 will be allocated to the investors in the Supplementary Financing. Any Ordinary Shares not allocated to investors in the Supplementary Financing shall be held by Meytav in accordance with the Rules and Regulations.

4.5. Employee Options. An additional ten thousand (10,000) Ordinary Shares (i.e. ten percent (10%)) of the Company's issued and outstanding share capital specified in Section 4.4 above) will be reserved for options to employees, directors and service providers pursuant to a stock option program to approve by the Board of Directors of the Company.

4.6. Capitalization Table. The capitalization table of the Company taking into account the shares and options pursuant to this Section 4 is attached hereto as **Appendix I**.

5. **Management of the Company**

5.1 Appointment of Directors

5.1.1 The number of members of the Board of Directors of the Company shall be not less than three (3) and not more than six (6), but during the Incubator Period the number of directors shall not exceed three (3) unless approved by Meytav and the Entrepreneurs.

5.1.2 The directors of the Company will be nominated as follows:

(a) For as long as the Entrepreneurs own in the aggregate 15% of the outstanding shares of the Company they shall be entitled to appoint a director of the Company and one non-voting observer who will be notified of all board meetings reasonably in advance and shall receive all preparatory materials, documents, presentations and minutes etc.; and

(b) During the Incubator Period and after the Incubator Period and as long as Meytav owns at least 50% of the issued and outstanding shares of the Company, Meytav shall have the right to nominate all the other directors and for as long as Meytav owns 15% of the outstanding shares of the Company, Meytav shall be entitled to appoint one director.

5.1.3 Appointment or removal of a director shall be made by written notice to the Company signed by the shareholder(s) entitled to appoint or remove a director according to this section.

5.2 Chairman. During the entire Incubator Period the Chairman of the Board of Directors shall be a director appointed by Meytav.

5.3 Meytav Consent Provisions

Notwithstanding anything to the contrary in this Agreement and in the Articles, the following matters shall be subject to the affirmative vote of the director nominated by Meytav or if the issue is presented before the shareholders meeting to the affirmative vote of Meytav in its capacity as shareholder (i) during the Incubator Period and (ii) thereafter as long as Meytav holds at least 20% of the outstanding shares of the Company:

5.3.1 the engagement of the Company with the Entrepreneurs and YTF and/or altering or terminating such engagement and/or any waiver of a material obligation of the Entrepreneurs, YTF or any of the Company's employees to the Company;

5.3.2 the engagement of the Company in any substantial new business activities, or any change in its present business areas;

5.3.3 sale, transfer, lease or other disposition of the Company's assets or rights, other than in the ordinary course of business;

5.3.4 the sale and/or other disposition of all of the Company's rights to the Product and/or in any other property (including know-how) and/or any material right of the Company;

5.3.5 the issuance and/or transfer of shares of the Company and the issuance of options or other securities by the Company;

5.3.6 determination of the employees, consultants and service providers entitled to receive shares and options pursuant to the Company's share option plan;

5.3.7 any matter related to the obligations of the Company to the OCS and/or Meytav;

5.3.8 any matter related to loans given to the Company and/or any loan or guarantee given by the Company to any third party;

5.3.9 nomination, termination and determination of terms of employment of the Company's CEO, CFO, CTO and business manager/business development director;

5.3.10 determination of and any change to the Company's signature rights;

5.3.11 any transaction of the Company not in the ordinary course of business including the grant of any rights in the Patents and Technology not in the ordinary course of business;

5.3.12 any "interested party" transaction (as defined in the Israeli Companies Law);

5.3.13 any encumbrance, charge or pledge on any of the Company's assets;

5.3.14 the establishment of, or acquisition of shares or any other interest in, a company, partnership or any other form of legal entity;

5.3.15 appointment and removal of the Company's auditors and legal counsel;

5.4 Entrepreneurs' Consent Provisions

Notwithstanding anything to the contrary in this Agreement and in the Articles, the following matters shall be subject to the affirmative vote of the director nominated by Yissum or if the issue is presented before the shareholders meeting to the affirmative vote of Yissum in its capacity as shareholder (i) during the Incubator Period and (ii) thereafter as long as Yissum holds at least 20% of the outstanding shares of the Company:

5.4.1 the engagement of the Company in any substantial new business activities, or any change in its present business areas;

5.4.2 the issuance and/or transfer of shares of the Company and the issuance of options or other securities by the Company;

5.4.3 nomination, termination and determination of terms of employment of the Company's CEO, CFO, and business manager/business development director;

5.5 Other Provisions. All other provisions regarding convening meetings of shareholders and of the board of directors, quorum requirements for such meetings and related provisions shall be as set out in the Articles.

6. **Facilities, Services of Meytav**

During the Incubator Period, Meytav will provide the following to the Company:

6.1 Working Facilities

Meytav will make available for the use of the Company offices, laboratories and other such other areas at Meytav's premises in Kiryat Shmona, as shall be necessary for the Approved Project, including the exclusive use of facilities set out in **Appendix K** below.

6.2 Office Services

Meytav will provide to the Company at its premises in Kiryat Shmona the office services reasonably required or necessary as determined by Meytav and approved by the Entrepreneurs and YTF as sufficient for such purpose, for performance of the Approved Project, including secretarial services and communications (post, telephone, fax, etc.).

6.3 Computer Services

6.3.1. In the event and to the extent required by the Approved Project, Meytav will allow the Company to use its computers and peripheral equipment and to allow the Company to connect its computer equipment to Meytav's computer system.

6.3.2. The Company shall not purchase any computer equipment and other hardware or software which is not part of the Budget.

6.3.3. The Company shall not install any software on its computers or on the computers of Meytav without Meytav's prior approval and without a valid license therefore. All license and other fees related to the use of software will be paid by the Company.

The Company will indemnify and hold Meytav or any of its directors and officers and the directors and shareholders of the Company from any damages, costs and expenses relating to or arising out of any unauthorized use of software on the Company's computers or on Meytav's computers.

6.4 Project Management Services. Meytav will assist in management of the Approved Project, including providing the following in accordance with the needs of the Company:

6.4.1 supporting and monitoring the relationship with the OCS, including the assistance in filing the required reports with the OCS;

6.4.2 management advise and training;

6.4.3 supervision and control;

6.4.4 bookkeeping, budget and financial management;

6.4.5 purchasing and logistic services.

6.5 Legal and Auditing Services. Meytav shall provide legal and auditing services on behalf of the Company as required by the Company.

7. **Payment to Meytav of Costs and Expenses; Overheads**

Meytav will charge the Company for all costs and expenses incurred by Meytav (i) which relate specifically the Approved Project or the Company, including with respect to the services specified in Section 6 above, and (ii) the Company's pro-rata share of general expenses and overheads. These expenses will be recorded in accordance with the internal procedures of Meytav and as approved by the OCS (to the extent required).

These costs and expenses will be paid to Meytav by the tenth day of each month with respect to the preceding month. All payments in arrear will bear interest and linkage differentials. VAT will be added to all amounts as required by law.

In addition, the parties agree that the Company will reimburse Meytav in the amount of $667 plus VAT for the Employee Stock Option Plan and Option Agreement prepared for the Company by Kost, Forer and Gabai (Ernst & Young Israel).

8. **Meytav's Right to Company Equipment**

Right of Equipment. The parties acknowledge and agree that in the event that if during the Incubator Period the Company is unable to raise sufficient finance and ceases its operations, all the equipment of the Company will be transferred to Meytav with no additional consideration on the part of Meytav. In such event Meytav shall be entitled to sell the equipment in the manner it deems fit in order to repay to itself or to OCS funds provided by Meytav or the OCS to the Company, prior to any other creditor of the Company (subject to applicable law).

9. **Bank Account**

The Company will open an account at Bank Discount, Branch 110 in Kiryat Shmona (the "**Bank Account**") and all payments made to or by the Company will be made to or from the Bank Account. The signature rights in the Bank Account will be determined by the Board of Directors of the Company at its first meeting.

10. **Supplementary Financing and Additional Financing**

The parties shall negotiate the terms for the provision, from the parties or from third parties, of the supplementary financing required according to the OCS Approval and the Budget (the "**Supplementary Financing**"). The party providing the Supplementary Financing shall be allocated Ordinary Shares of the Company held by Meytav in accordance with Section 4.4.3 above in consideration for the Supplementary Financing, as agreed in the said negotiations. The parties agree that any issuance of shares in addition to that required for the Supplementary Financing will dilute all shareholders proportionally.

11. **Further Undertakings of the Entrepreneurs, YTF and the Company**

11.1 Payments to OCS. The Company shall undertake to reimburse Meytav for all amounts, which shall be paid by Meytav to the OCS for the account of the Company. The Company confirms that it irrevocably agrees to pay to Meytav, all said amounts, immediately upon demand, and that it agrees that the demand notices of the OCS shall be sufficient to substantiate such demand; provided that, subject to applicable law and regulations,Meytav shall make reasonable commercial efforts to enter discussion and/or negotiations with the OCS and/or take any legal action it deems necessary, in order to cancel or reduce the amounts demanded by the OCS, and further provided that Meytav shall render any

reasonable assistance requested by the Company in such an event.

11.2 Instructions and Regulations. The Company shall undertake at all times to comply with and abide by the Rules and Regulations.

11.3 Commitments to OCS. The Company undertakes to fulfill its commitments to the OCS.

11.4 Assignment or License. In the event that the Company will assign or license all or part of its technology and/or will grant a license thereto to a third party, the Company shall be responsible for obtaining such third party's agreement to comply with all obligations to the OCS. The aforesaid will not derogate from the Company's obligation to receive OCS approval, if required, for such transaction.

11.5 Financial Statements. Meytav shall be furnished with the Company's financial statements and all reports provided to the Board of Directors and any shareholder of the Company until Meytav ceases to be a shareholder of the Company. Meytav hereby undertakes to hold such reports in complete confidence and not disclose them to any third party other than in accordance with the provisions of Section 15.1 hereunder.

11.6 Consent for Transfer of Rights. Nothing contained in this Section 11 shall be construed so as to permit the Company to transfer rights or

grant sublicenses in contradiction to the Rules and Regulations, as may be in effect from time to time. The Entrepreneurs and YTF understand and agree to cause the Company to comply at all times with such Rules and Regulations and instructions and further agree that Meytav shall have the undisputed legal standing to bring an action for the enforcement of the obligations set forth in this section as if the obligations toward the OCS and/or the State of Israel were made for the benefit of Meytav.

11.7 Loans and OCS Consent. The Entrepreneurs and YTF hereby declare and agree that they are fully aware of and fully understand the provisions of the R&D Law, the Incubator Program, the OCS rules, the Meytav Undertaking and the internal rules of Meytav as currently in effect and particularly with the provisions specified below:

11.7.1 The financing provided by the State of Israel through the OCS is provided as a loan, convertible into shares of the Company in certain circumstances.

11.7.2 Production of products developed by the Company with OCS funding shall be carried out only in Israel unless the OCS grants a prior written special approval to the contrary.

11.7.3 Technology developed by the Company with OCS funding shall not be transferred to any other party in any manner or form (direct or indirect) without prior written OCS approval.

11.7.4 The transfer or issuance of 25% (or more) of the shares of the Company and the transfer or issuance of shares (in any amount) to a non-Israeli person or entity requires prior written approval of the OCS.

11.8 Additional Employees; Contractors. All agreements and compensation arrangements with employees and contractors employed in the performance of the Approved Project (excepting the Researcher and YTF) will be subject to the prior written approval of Meytav. During the Incubator Period, the Company may not terminate any employee or contractor or engage the services of any new employee or contractor without the prior written consent of Meytav. The provisions of this Section 11.8 will cease to apply upon the termination of the Incubator Period.

11.9 Deviations from Budget. The Researcher and YTF shall make their best efforts to perform the Approved Project in accordance with the Technical Specifications, the Budget and the Work Plan. Upon the request of the OCS and/or Meytav, the Company shall be obliged to return to Meytav and/or the OCS any money spent by the Company in deviation from the Budget.

11.10 Reporting and Documentation

11.10.1 The Researcher and YTF will report to the Company and Meytav on a continuous basis (but not less than monthly) according to the instructions of Meytav, including written reports regarding the performance of the Approved Project and all difficulties encountered and proposed solutions and will timely provide Meytav and the Company all information and documents required by them to comply with their reporting obligations to the OCS.

11.10.2 The Researcher will document all research and development results and procedures undertaken by him and the Company in accordance with acceptable scientific practices and in accordance with the instructions of Meytav from time to time.

11.10.3 Insurance. During the Incubator Period, the Company will, at the request of Meytav, obtain and maintain appropriate insurance policies regarding its business and operations, including:

(i) third party liability;
(ii) property insurance;
(iii) professional liability (if required);
(iv) product liability (if required);
(v) directors' liability;
(vi) employers' liability.

11.1 Services of Yissum. Yissum shall provide the Company through the University research laboratories and the services specified in **Appendix J** hereto. The parties further agree that such services shall not entitle Yissum or the University or any other third party to any right in connection with the intellectual property developed in connection with such services.

12. **Transfer of Shares**

The transfer of shares in the Company, including right of first refusal, co-sale and bring along rights and obligations, will be as set out in the Articles.

13. **The Incubator Period; Early Termination**

13.1 Incubator Period. The Incubator Period will be the period beginning and ending on the dates specified in the OCS Approval, as extended or shortened in accordance with this Section 13. The Incubator Period can be extended for an additional year in the event that Meytav decides, in its exclusive discretion, to recommend to the OCS to provide additional funding for the Approved Project for such additional year and such funding is approved and actually provided by the OCS.

13.2 Termination by Meytav. Meytav will be entitled to terminate the Incubator Period prior to the due termination date if either of the following conditions is fulfilled:

13.2.1 Either of the Entrepreneurs is in breach of any of its undertakings pursuant to this Agreement and/or there has been a breach of any representation or warranty of the Entrepreneurs as set out in this Agreement and such breach has not been fully remedied within thirty (30) days from receipt of written notice from Meytav and/or the Company specifying the breach. To remove doubt it is clarified that nothing in this section will derogate from any other right or remedy available to Meytav and or the Company at law or pursuant to this Agreement in the event of such breach. In addition, in the event of such breach Meytav shall, in its discretion, be entitled to take all required actions to liquidate the Company and the Entrepreneurs irrevocably agree to such liquidation, or

13.2.2 Meytav has notified the Entrepreneurs and the Company, at any time and for any reason, in its exclusive discretion, of such termination, provided that (i) the early termination has been approved by the OCS, (ii) Meytav has given at least sixty (60) days prior written notice of such termination. In the event that Meytav exercises its right pursuant to this section, neither the Company nor the Entrepreneurs shall have any claims or demands from and against Meytav or any of its offices, directors, shareholders and representatives.

13.3 Early Cessation of the Approved Program. Without derogating from any other undertaking of the Entrepreneurs and YTF pursuant to this Agreement the Entrepreneur and YTF declare that they are aware that they are not entitled to cease performance of the Approved Program before its completion without the written consent of Meytav and the OCS. The Entrepreneurs and YTF acknowledge and agree that if they cease the Approved Program before its completion, Meytav and/or the Company will be entitled, in addition to any other right and remedy at law or according to this Agreement, to demand and to receive from the Entrepreneurs and YTF any funds that they are required to return to the OCS as a result of such early cessation of the Approved Project.

14. **Intellectual Property**

The parties agree as follows:

14.1 IP Rights. All rights, including intellectual property and other rights, developed by the parties with respect to the Technology, (excluding Yissum-owned intellectual property developed by University staff other than the Researcher and his lab staff ("**Additional IP**")) will be

the exclusive property of the Company and no party will be entitled at any time and for any reason to exploit such rights except in the framework of, and for the benefit of, the Company.

14.2 Yissum shall disclose to Meytav the existence of any Additional IP that relates to the Technology upon becoming aware of such, subject to Meytav's execution of appropriate non-disclosure undertakings to Yissum's reasonable satisfaction. This disclosure shall not create any obligation on Yissum's part to enter into any agreement with Meytav, nor shall Meytav acquire any claim, right or title in such Additional IP by virtue of this clause or such disclosure, nor shall this clause in any way restrict Yissum's right to enter into negotiations with any third party at any time, as it shall see fit.

14.3 Registration in Company's Name. All intellectual property rights relating to or arising out of the Technology, including Patents and trademarks, which are capable of registration will be registered in the name of the Company, with a one percent (1%) ownership interest to Yissum. Yissum shall retain this one percent (1%) ownership interest in all such intellectual property rights (including Patents, trademarks and any know-how, whether registrable or not) for the sole purpose of ensuring compliance with Section 14.7 below. Until Section 14.7 comes into effect, this one percent (1%) ownership interest shall be non-transferable and non-assignable, and shall not entitle Yissum to any other rights in connection with the Patent and all such other intellectual property rights, including rights to any monetary compensation, royalties or otherwise. Upon the occurrence of any of the events in Section 14.7, subject to the Rules and Regulations during the Incubator Period and thereafter, unless limited by applicable law (including the R&D Law), there shall be no limitations whatsoever on the use of Yissum's 1% ownership interest with respect to any and all of the intellectual property rights relating to or arising out of the Technology. Subject to the above, each of the Researcher and Yissum hereby assign the Company any and all rights in the aforementioned intellectual property and will execute the Intellectual Property Assignment Agreement attached as **Appendix D** hereto, with the inclusion of reference to this provision.

14.4 Entrepreneur Assistance. The Entrepreneurs undertake to provide the Company with all reasonable assistance in the application for, process of and protection of any of the above registrations anywhere in the world and in the manner in which the Company decides to register the same. In the event that for any reason not in a party's control, the Entrepreneurs (or either of them) is/are required to be designated as the inventor of any such Patent, the Company will be designated and registered as the sole owner of such Patent and all rights in such Patent, including the commercialization, licensing and disposition thereof will vest exclusively in the Company, without any additional consideration due to the Entrepreneurs and without limitations in time.

14.5 Exploitation of Technology. The parties expressly agree and declare that the Company will have the exclusive and unrestricted right at any time and in any manner in which it deems expedient, to exploit the Technology, including by way of exclusive licensing, sub-licensing and any other form of disposition anywhere in the world and the Entrepreneurs, YTF and Meytav will not have any claim for royalties or other consideration or any claim or demand whatsoever with respect thereto.

14.6 Payments Belong to the Company. Any grant, bonus and/or benefit received by the Entrepreneurs or which will be given or received from any third party in connection with the Technology or relating to the Researchers' employment by the Company will belong exclusively to the Company.

14.7 Transfer of the Technology to Yissum in case of termination or Liquidation. The Parties hereby agree that in the event of any of the following:

(i) Prior to completion of the development of the Product, the Company ceases development of the Product for more than 18 months, without the agreement of Yissum, provided that the 18 month period shall be extended, if necessary, to take into account any delay or cessation of activities caused directly by a delay or deviation in the services performed by the Entrepreneurs;

(ii) appointment of a receiver or liquidator for all or substantially all of the Company's assets which appointment has not been removed within sixty (60) days;

(iii) the Company passes a resolution for voluntary winding up or a winding up application is made against the Company and not set aside within 60 days and/or the Company makes a assignment of rights or other assets for the benefit of its creditors;

then upon the occurrence of any such event, , all of the Company's rights in the Technology shall be transferred to Yissum's sole ownership free and clear of any right of any third party, subject to the Rules and Regulations during the Incubator Period and thereafter, unless limited by applicable law (including the R&D Law). Subject to the Rules and Regulations during the Incubator Period and thereafter, subject to any limitation pursuant to applicable law (including the R&D Law), the Company hereby undertakes to take all necessary steps and sign all necessary documents in order to affect such transfer and hereby irrevocably empowers Yissum to take such steps and execute such documents on behalf of the Company, at the Company's expense, if the Company is unable or unwilling to do so.

15. Confidentiality and Non-Competition

15.1 Confidentiality Undertaking. The parties agree to hold in strict confidence all information and documents received from the other party, all proprietary information of the Company, and in the case of the Entrepreneurs and YTF, also all

information regarding Meytav and the other projects in the Meytav Incubator Program to which the Entrepreneurs and YTT have access or to which they are exposed, and shall refrain from disclosing such information and documents to any third party, and from using such information and documents other than for the purposes hereof. Notwithstanding the above, (i) Meytav may disclose said information to the shareholders and directors of Meytav and shareholders and directors of Meytav may disclose such general information not containing technical proprietary information relating to the Company in connection with its periodic reports to its shareholders or to investors in funds managed by the shareholders of Meytav, and (ii) that the Researcher, YTF, Meytav and the Company may disclose said information to prospective investors and lenders. The parties take it upon themselves to obtain the signature of any third party including the shareholders of Meytav and the proposed investors and lenders on suitable Non Disclosure Agreements prior to making such disclosures to them. The above obligations shall apply, *mutatis mutandis*, to any assignee of any of the parties hereto. Notwithstanding any provision to the contrary contained herein, each party shall be permitted to disclose such of the information and documents which is (i) legally required to be disclosed under applicable law or regulatory requirements, provided that disclosure shall be made only to the extent required to comply with such laws or requirements; or (ii) is or becomes within the public domain other than through a breach by such party of its obligations hereunder.

15.2 Computer Stored Information. The Entrepreneurs and YTF acknowledge that information and documents may be stored on Meytav's computers which are not connected to the Company and are private and confidential and the Entrepreneurs and YTF undertake that they will not access or make use of any such information and documents.

15.3 Affiliates and Subsidiaries. Meytav undertakes to take reasonable measures to prevent any of its affiliates, subsidiaries, officers, employees or consultants, who are involved in any entity or activity which is in direct competition with the business of the Company from having access to and/or from making use of any information related to the Company which has been obtained by Meytav from the Company.

15.4 Non-Compete. Each of the Yissum, Researcher, and YTF undertake not to compete, directly or indirectly, in any way with the business of the Company, for the entire term in which Yissum, the Researcher or

YTF is associated with the Company as an employees, director, consultant or otherwise and for a period of twelve (12) months thereafter.

16. **Liability and Indemnification**

In the event that any third party institutes a claim or makes a demand against the Company and/or Meytav in connection with breach of the intellectual property rights of such third party relating to the Approved Project, and such claim or demand is determined to result from a breach of a representation and warranty made by the Entrepreneurs to Meytav and/or the Company or on behalf of Meytav and/or the Company, the Company will indemnify and hold Meytav and each of their respective officers, directors and employees harmless from and against any such, claim or demand and all costs and expenses relating thereto or arising therefrom.

17. **Further Acts**

Each of the Parties shall perform such further acts and execute such further documents as may reasonably be necessary to carry out and give full effect to the provisions of this Agreement and the intentions of the parties as reflected thereby.

18. **Governing Law and Jurisdiction**

This Agreement and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of Israel. The competent courts of Tel Aviv will have exclusive jurisdiction in all matter relating to this Agreement.

19. **Adoption and Approval by the Company**

Upon its formation the parties shall cause the Company to approve the terms and conditions of this Agreement by passing the appropriate corporate resolutions and to sign this Agreement in the space provided below.

20. **Miscellaneous**

20.1 Notices. Any notice required or permitted under this Agreement shall be in writing and shall be deemed duly given for all purposes (a) on the date of delivery, if delivered personally to the party or by confirmed facsimile transmission, or (b) on the third day after mailing, by registered mail, return receipt requested,

postage prepaid and addressed to the addressee at the address stated below, or at the most recent address, specified by written notice, given to the party by the addressee under this provision. Notices to the Company shall be given in the same manner and shall be addressed to it at its principal place of business.

Meytav:

P.O.Box 408
Kiryat Shmona 11013
Fax;04-6818806

YTF:

Haela St. 17
Timrat 23840
Fax:

Yissum:

Edmond Safra Campus, Givat Ram
P.O.B. 39135, Jerusalem 91390, Israel
Fax:

The Researcher:

Erez St. 5
Karmei Yosef
Fax:

20.2 Failure to Pursue Remedies. The failure of any party to seek redress for violation of, or to insist upon the strict performance of, any provision of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation from having the effect of an original violation.

20.3 Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

20.4 Binding Effect; Third Party Beneficiaries. This Agreement shall not be assignable in whole or in part without the written consent of all parties. Any purported assignment in violation of this provision shall be void and of no force or effect. This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, legal representatives and assigns.

20.5 Severability. If any term or provision specified herein is held by a court of competent jurisdiction to be in violation of any applicable ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such term or provision to be illegal, invalid, unlawful, void, voidable, or unenforceable as written, then such provision shall be given full force and effect to the fullest possible extent that it is legal, valid and enforceable, and the remainder of the terms and provisions herein shall be construed as if such illegal, invalid, unlawful, void, voidable or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties.

20.6 Transaction Related Costs and Expenses. The Company will reimburse Meytav for its costs and expenses relating to the investigation and due diligence in connection with the Project (including experts retained by Meytav for this purpose) and the preparation and negotiation of this Agreement, in the amount of $2,500 (Two thousand five hundred US Dollars) plus VAT.

20.7 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

20.8 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

20.9 Amendments. Any amendment to this Agreement shall be adopted and be effective as an amendment hereto only if approved in writing by all parties.

[SIGNATURE PAGES FOLLOW]

/s/ Reuven Ron /s/ Avi Barak	By: /s/ Zvika Rubinstein
Yissum Research Development Company of the Hebrew University of Jeerusalem Ltd.	Name: Title:
By: Name: Reuven Ron Title: VP Marketing, Life Sciences & Medicine	
/s/ Oded Shoseyov	/s/ Yehuda Tsafrir Feigin
Professor Oded Shoseyov	Yehuda Tsafrir Feigin

The undersigned CollPlant Ltd. (the "Company") hereby approves, accepts and agrees to be bound by the terms and provisions of the Agreement as far as they relate to the company.

/s/ Yehuda Tsafrir	/s/ Zvika Rubinstein
By: Yehuda Tsafrir Name: Title: CEO	Zvika Rubinstein Chairman

[Translation from Hebrew]

Appendix A

OCS Approval

State of Israel
Ministry of Industry, Trade and Employment
The Industrial Research and Development Administration
Office of the Chief Scientist
The Technological Incubator Administration

Tel Aviv, 11th Iyar 5766
May 2nd, 2004

To:
Zvika Rubinstein — Incubator Manager
Meytav — Technological Entrepreneurship Centre Ltd.
P.O.Box 408, Rural Delivery Upper Galilee
Kiryat Shmona, Zip 10200
Fax: 04-6818806

Dear Sir,

Re: **A Method to Manufacture Quality Human Collagen in Plants**
Meeting No. 2004/7 dated April 22nd, 2004 (File 34205)

I hereby give you notice that the Incubator Committee has discussed your application, and the following is its decision:

The Committee joins approval of the Incubator, subject to the following terms and conditions:

1. Milestone within 12 months:

   1.1. Reporting the progress of the project, to the satisfaction of the Incubator Administration.

   1.2. Ensure the production of human collagen transgenic plants at the basic thermal stability level of the request.

2. Milestone within 18 months: Biochemical characterisation of the product, and selection of productive and stable homozygotic species.

Clarifications:

1. The State's financial undertaking to the Incubator on account of the project (loan / grant) will be forwarded in two stages, which

shall be detailed as follows in the letter of approval:

a. An undertaking on account of the first performance period, as defined in the letter of approval, which will be activated immediately upon receipt of the Incubator Committee's abovementioned decision.

b. An undertaking on account of the second performance period, which will be activated once the project has met the milestones set for it with regard to the first performance period, to the satisfaction of the Incubator Administration Manager.

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2. The two stages of budgets and the performance periods, will be determined by the Incubator Administration in the setting of the overall budget approved hereby.

3. The significance of the milestones, is that payments on account of the period following the abovementioned milestones will be delayed until the milestones are met.

Yours truly,

Ranna Fridor
Technological Incubator Program Manager

Cc:
Janet Lazrovitch, Professional Examiner

APPENDIX B

Articles of Association

The Companies Law 5759-1999

A Company Limited by Shares

Articles of Association

of

קולפלנט בע"מ

COLLPLANT. Ltd.

2

The Companies Law 5759-1999

A Company Limited by Shares

Articles of Association

of

קולפלנט בע"מ

COLLPLANT. Ltd.

Preliminary

1. In these Articles, unless the context otherwise requires:

The Company shall mean the said Company.

The Law	shall mean the Companies Law, 5759 – 1999, as amended from time to time
The Board of Directors	shall mean the Board of Directors lawfully employed in accordance with Articles 75 to 85
The Officers	shall be taken to include any Director, General Manager, Managing Director, Assistant Managing Director, Assistant General Manager, any person actually holding such powers in the Company regardless of their title, any other manager under the direct supervision of the Managing Director or General Manager and any other person deemed an Officer pursuant to the Law.
The Office	shall mean the registered office of the Company in accordance with Section 123 of the Law.
Special Resolution	shall mean a vote approved by the holder(s) of 75% (seventy five percent) of the shares held by the Shareholder(s) present at the General Meeting whether personally or by proxy, where at least 50% of the shareholders eligible to vote are present.

The Register	shall mean the register of shareholders to be kept in accordance with Section 127 of the Law, or, if the Company shall have any branch register(s) - any such branch register(s) as the case may be.
Meytav	shall mean Meytav Technological Enterprises Initiation Center Ltd., a private company organized under the laws of the State of Israel, PC# 511722951.
The Incubator Period	shall mean the period commencing on January 1, 2004 and ending on December 31, 2005 or as extended or brought to an early end in accordance with the Meytav Agreement.
The Supplementary Financier	shall mean the providers of the Supplementary Financing (as defined in the Meytav Agreement), including Meytav and the Entrepreneur, as and if applicable.
The Entrepreneurs	shall meanYehuda Tsafrir Feigin I.D. No. XXXXXXX, Yissum, and Professor Oded Shoseyov I.D. No. XXXXXXX and each one individually shall be an **"Entrepreneur"**
The OCS	shall mean the Office of the Chief Scientist of the Ministry of Industry and Trade of the State of Israel.
The R & D Law	shall mean the Law for the Encouragement of Industrial Research and Development, 5744-1984 as amended or supplemented from time to time and all regulations promulgated thereunder.
Permitted Transferee	Shall have the meaning set out in Article 41.
Shareholder	A legal entity or person holding shares in the Company as evidenced by the Register.
The Meytav Agreement	shall mean the agreement executed between the Entrepreneurs and the Meytav dated June , 2004.
Yissum	Yissum – the Company for the Development of Research of The Hebrew University of Jerusalem Ltd., an Israeli private company No. 51-042453-4

Subject to the provisions of the Article, in these Articles, unless the context otherwise requires, expressions defined in the Companies Law, or any modification thereof in force at the date interpretation is necessary, shall have the meanings so defined; and words importing the singular shall include the

plural, and vice versa, and words importing the masculine gender shall include females, and words importing persons shall include bodies corporate.

Purpose and Objects

2. The object for which the Company is established is to engage in any lawful activity approved by the Company's Board of Directors.

3. The Company will act according to business considerations for the maximization of its profits.

Limitation of Liability

4. The Company is a company limited in by shares and therefore the liability of each shareholder for the Company's obligations shall be limited to the payment of the par value of the shares held by such shareholder, subject to the provisions of the Law.

Private Company

5. The Company is a private company and accordingly any invitation to the public to subscribe for any shares or debentures or debenture stock of the Company is hereby prohibited.

6. The number of shareholders for the time being of the Company (exclusive of persons who are in the employment of the Company and of persons who having been formally in the employment of the Company were, while in such employment, and have continued after such employment to be, shareholders of the Company) is not to exceed fifty (50), but where two (2) or more persons hold one (1) or more share(s) in the Company jointly, they shall, for the purposes of this paragraph, be treated as a single shareholder;

7. The right of transfer of shares shall be restricted as hereinafter provided.

Share Capital

8. The registered share capital of the Company is one million New Israeli Shekels (NIS 1,000,000) divided into ten million (10,000,000) Ordinary Shares of NIS 0.1 par value each.

9. The holders of the Ordinary Shares shall have the following rights:

9.1. to receive notices of meetings of General Meetings;

9.2. to attend the Company's General Meeting and vote thereat, either in person or by proxy;

9.3. to receive dividends in such cases where the Board of Directors has lawfully decided to allocate dividends according to Articles 116 to 128;

9.4. to participate in the residue of the Company's assets remaining after liquidation or winding up, according to each share's part in the total redeemed share capital of the company;

9.5. to examine and receive copies of any register, document, report, or account of the Company according to the rights conferred by Law;

9.6. any other right conferred upon a Shareholder according to the Law.

Shares

10. Without prejudice to any special rights previously conferred by the outstanding shares in the Company, the Company may issue shares with such preferred or deferred rights of redemption or other special rights or such restrictions, whether in regard to dividends, voting, repayment of share capital or otherwise, all such rights to be determined by the Company from time to time.

11. If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by the terms of issue of the shares of that class, may be modified, abrogated or otherwise dealt with by the Company, with the consent in writing of the holder(s) of three-fourths (3/4) of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class.

12. The provisions of these Articles relating to General Meetings and to the convening thereof and to notices in respect thereof and to resolutions to be passed thereat shall *mutatis mutandis* apply to every separate General Meeting referred to in Article 11; The provision of Articles 58 and 60 below with regard to a quorum at General Meetings shall apply as well to such separate General Meetings.

13. The shares shall be under the control of the Board of Directors, who may allot them or otherwise dispose of them to such persons, on such terms and conditions, and either at a premium or at par, or subject to the provisions of the Law, at a discount and at such times as the Board of Directors may deem fit, and with full power to give to any person the call of any shares either at par or at a premium or, subject as aforesaid, at a discount, during such time and for such consideration as the Board of Directors may deem fit, subject to the provisions of these Articles.

13.1. Preemptive Right

Each Shareholder of the Company holding 5% or more of the issued and outstanding share capital of the Company shall have the right to participate in issuance of shares by the Company and

shall be granted the preemptive right to purchase a number of shares on equal terms of allotment so as to maintain its percentage in the Company (excluding options) provided that such shareholder is not in default of payment due from it with respect to shares held by it and the issuance is not to (i) an employee, consultant, or a director in the framework of an employee stock option plan, or (ii) to a strategic investor approved as such by the Board of Directors.

13.1.1. Upon a decision by the Board of Directors to raise an investment in the Company and to issue Shares in return to the investor, the Company shall notify its Shareholders holding 5% or more of the issued and outstanding share capital of the Company of the proposed investment, and offer such Shareholder the right to participate in the issuance by virtue of its Preemptive Right.

13.1.2. A Shareholder who wishes to exercise his Preemptive Right shall do so within 21 days from the date of the notice given to it according to this Section 13.1(b) a Shareholder that responded in the above mentioned manner will participate in the issuance of Shares upon the issuance to the said investor on the same terms and conditions as such investor is investing in the Company. Failure to respond shall be deemed as a decision not to exercise the Preemptive Right.

13.1.3. Concurrently with the issuance of shares to the said investor, all Shareholders who informed the Company as to their exercise of the Preemptive Right, in the above manner, shall be issued shares to maintain their percentage in the Company following the full payment for those Shares by them.

14. If by the conditions of allotment of any share, the whole or any part of the price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the registered holder of the share for the time being or from time to time or by his administrators.

15. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof unless ordered otherwise by a Court of competent jurisdiction, or required by statute.

Share Certificates

16. The certificates of title to shares shall be issued under the seal of the Company if the same exists and shall bear the signatures of two Directors (or one Director - if at such time there is only one member on the Board of Directors), or of any other person or persons authorized thereto by the Board of Directors.

17. Every shareholder shall be entitled to one certificate for all the shares registered in his name, and if the Board of Directors so approves (upon payment of the amount which may from time to time be fixed by the Board of Directors), to several certificates, each for one or more of such shares. Every certificate of shares shall specify the denoting numbers of the shares in respect of which it is issued and may also state the amount paid-up thereon.

18. A shareholder wishing to appoint a trustee to hold his shares, shall notify the Company in writing. The Company will, within fourteen (14) days of receipt of such notice, change the Register to reflect the same. Upon registration in the Register, such trustee will be regarded in every respect as a shareholder and shall hold such rights and obligations as the Law and these Articles dictate.

19. The certificate of shares registered in the names of two or more persons shall be delivered to the person first named on the register in respect of such co-ownership.

20. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee, if any, and on such terms as to evidence and indemnity, as the Board of Directors thinks fit.

21. The company may not issue transferable notes of shares.

Calls

22. The Board of Directors may from time to time make such calls as it deems fit upon the shareholders in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each shareholder shall pay the amount of every call so made to him to the persons and at the time and place appointed by the Board of Directors.

23. A call may be made payable by installments and/or under other terms, and shall be deemed to have been made when the resolution of the Board of Directors authorizing such call was passed.

24. Seven days' notice of any call shall be given, specifying the time and place of payment, and to whom such shall be paid. Before the time for payment of such call the Board of Directors may, by notice in writing to the shareholders, revoke the same or extend the time for payment thereof.

25. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Board of Directors and of which due notice had been given, and all the provisions herein contained in respect of such calls shall apply to such amount or to such installment.

26. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

27. If the amount of any call or installment is not paid on or before the due date for payment thereof, then the person who is for the time being the owner of the share on which the call was made or the installment became due shall pay interest on the said amount at the maximum rate permissible under the law for the time being, or at such lesser rate as may be fixed by the Board of Directors from time to time and linkage differentials to a foreign currency or other index, as determined by the Board of Directors, all as from the date of payment until the sum is actually paid. The Board of Directors shall, however, be at liberty to waive the payment of interest and/or linkage, wholly or in part.

28. If the Board of Directors deems fit, it may receive from any shareholder willing to advance the same, any amounts due on account of all or any of his shares which have not yet been called or in respect of which the date of payment has not yet fallen due, and, unless otherwise agreed with such shareholder, the Board of Directors may pay him interest on all or any of the amounts so advanced, up to the date when same would, if not paid in advance, have fallen due at such rate of interest as may be agreed upon between the Board of Directors and such shareholder, and the Board of Directors may at any time repay any amount so advanced by giving such shareholder a three months' prior notice in writing.

Forfeiture and Lien

29. If any shareholder fails to pay any call or installment or any other payment towards the Company in respect of shareholders' loan or other financing provided by the shareholders on or before the day appointed for payment of the same, the Board of Directors may at any time thereafter, as long as the said call or installment or payment remains unpaid, serve a notice on such shareholder requiring him to pay the same, together with any interest and Linkage differentials as aforesaid that may have accrued and all expenses that may have been incurred by reason of such non-payment.

30. The notice shall name a day (not being less than seven (7) days from the date of the notice) and a place or places on and at which such call or installment and such interest, said linkage differentials and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

31. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest, said linkage differentials and expenses, due in respect thereof, be forfeited by a resolution of the Board of Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

32. Any share so forfeited shall be the property of the Company, and the Board of Directors may, subject to the provisions hereof, sell, re-allot and otherwise

dispose of the same as it may deem fit. Until such time as such shares are sold or re-allotted, they shall confer no rights upon the Company in accordance with Section 308 of the Law. In selling the aforementioned shares, the Company shall be subject to Article 39.1 below.

33. Any shareholder whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture, together with interest and said linkage differentials thereon from the time of forfeiture until payment, at the maximum rate of interest permissible under the law for the time being, and the Board of Directors may enforce the payment of such moneys, or any part thereof, if it so thinks fit, but shall not be under any obligation to do so.

34. The Board of Directors may at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture on such conditions as it thinks fit.

35. The Company shall have a first and paramount lien upon all the shares registered in the name of each shareholder, and upon the proceeds of sale thereof, for his debts, liabilities and engagements arising from any cause whatsoever, solely or jointly with any other person, to or with the Company, whether the period for the payment fulfillment or discharge thereof shall have actually arrived or not. Such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) on such shares.

36. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as it thinks fit; but no sale shall be made until the period for the fulfillment or discharge of the debts, liabilities and engagements as aforesaid shall have arrived, and until notice in writing of the intention to sell shall have been served on such shareholder, his executors or administrators, and default shall have been made by him or them in the payment, fulfillment or discharge of such debts, liabilities or engagements for seven (7) days after such notice.

37. The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or towards satisfaction of the debts, liabilities or engagements of such shareholder (including debts, liabilities and engagements which have not yet fallen due for payment or satisfaction) and the residue (if any) shall be paid to the shareholder, his executors, administrators or assigns.

38. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers herein before given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the register in respect of such shares, the validity of the sale shall not be

impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only against the Company exclusively.

Transfer and Transmission

39. Subject to Articles 40 and 41 below, any transfer of shares in the Company shall be subject to the following provisions:

39.1. Right of First Refusal

In every sale or transfer, voluntary or involuntary, of shares in the Company, the selling or transferring shareholder (hereinafter the **"Offeror"**) shall be obligated to offer such shares first to the other Shareholders under identical terms and as specified herein below.

A transfer of shares in the Company shall not be permitted except subject to the obligation of the transferee to fulfill all of the transferor's obligations according to Article 39.1 to 39.8, inclusive.

39.2. Notice of Offer

The Offeror shall send a written offer (hereinafter: **"Notice of Offer"**) to the other Shareholders (hereinafter the **"Offerees"**), which shall include the following details: the identity of the proposed transferee (the **"Buyer"**), the number of shares for sale or transfer (hereinafter the **"Offered Shares"**), the price of the Offered Shares which shall be paid by the Buyer, the terms of payment and credit, and any other material term related to the sale or transfer.

39.3. Notice of Purchase

The Offeree may notify the Offeror in writing, with a copy to the Company, within 21 days of receipt of the Notice of Offer, of his desire to purchase the Offered Shares at the price and under the terms set in the Notice of Offer (hereinafter: **"Purchase Notice"**).

39.4. A Purchase Notice to purchase the entire quantity of the Offered Shares:

If Purchase Notices have been received for a total number of shares equal to the number of all the Offered Shares, the contract between the parties shall be created and the Offeree must purchase the number of shares indicated in the Purchase Notice submitted by him, and the Offeror must sell them to him.

39.5. Offers for a quantity less than the offered quantity:

If Purchase Notices are received regarding a total number of shares that is less than the quantity of the Offered Shares, it shall

be deemed a lack of response as specified in Article 39.8 below; however, the Offeror may, at his sole discretion, sell the Offeree the number of for which Purchase Notices has been received in accordance with Article 39.7 below.

39.6. A Purchase Notice to purchase a quantity greater than the Offered Shares:

If Purchase Notices have been received for a total number of shares which is greater than the number of all the Offered Shares, each Offeree shall only be entitled to purchase such portion of the Offered Shares to be determined according to each Offeree's pro-rata share in the Company's issued and paid up capital, but not exceeding the number of shares

indicated in his Purchase Notice (and any excess shares, if any, shall be allocated among the Offeree's who have not received all the shares they indicated in the Purchase Notice submitted by them, pro rata to the number of shares so indicated).

39.7. Acquisition Notice:

In the event of an offer to acquire the entire quantity of the Shares Offered, or in the event that the Offeror decides as aforesaid in Article 39.5 that he wishes to sell to the Offeree only part of the shares, the Offeror shall send, within seven (7) days from the last date for submitting Purchase Notice, a notice to the Offeree (hereinafter: **"Acquisition Notice"**), which will indicate that the Purchase Notice has been received and which will specify the number of shares that will be acquired by the Offeree and the amount that the Offeree has to pay the Offeror.

39.8. Lack of response:

If by the end of the 21-day period for giving a Purchase Notice no Purchase Notices have been received or in the event that Purchase Notices are received regarding a total number of shares that is less than the quantity of the Offered Shares, then the Offeror will be free, during the following 90 days, to sell the Offered Shares to the Buyer at a price that shall not be less than the price indicated in the Notice of Offer and under terms identical to those specified in the Notice of Offer. The Company shall give its consent to the transfer subject to the provisions of Article 40 below.

40. Restrictions on Transfer

40.1. Notwithstanding the foregoing the following transactions shall require the approval of the Board of Directors which may be given or refused in its sole discretion:

40.1.1. A transfer to a competitor of the Company.

40.1.2. A transfer to an entity which has been convicted, or any of the directors of which have been convicted, of criminal offenses of moral turpitude, or there is a concern that an action of said character will be filed against them.

40.2. During the Incubator Period, any transfer by the Supplementary Financier(s) shall require Meytav's prior written approval. In addition, During the Incubator Period, any transfer by Meytav or any of the Entrepreneurs shall require the prior written consent of Meytav and the other Entrepreneurs, as the case may be.

40.3. The provision concerning first refusal rights shall apply to every transfer of shares in the Company including a gift or testamentary disposition or a sale by a receiver or liquidator or trustee in bankruptcy.

The provision concerning first refusal rights shall also apply to a transfer of shares from the transferee to additional transferees.

41. Exceptions to the Duty to Offer

Notwithstanding the aforesaid, there shall be no restriction upon the transfer of shares in each of the following instances, provided that the transferee (a **"Permitted Transferee"**) is not competing with the Company business and subject to the transferee's agreeing to be bound by any written agreement with other Shareholders which binds the transferor:

41.1.1. A transfer to a corporation in which the transferor holds over 76% of the voting rights and/or the right to appoint not less than 76% of the directors.

41.1.2. A transfer to a corporation in which 76% of the transferor's shareholders hold 76% of the shares or 76% of the rights to the appoint directors.

41.1.3. A transfer of shares to (i) officers or shareholders of Meytav (ii) a corporation in which Meytav's officers or shareholders hold 100% of the shares or 100% of the rights to the appoint directors, so long as such transfer will not prejudice the rights of the Entrpreneurs under the Meytav Agreement.

41.1.4. If the shares are held by an individual, a transfer to a relative of the individual as defined in Section 76 of the Income Tax Ordinance.

41.1.5. Transfer of shares by Meytav to a person or entity providing Supplementary Financing to the Company.

41.1.6. Transfers required by Meytav in accordance with the Rules and Regulations (as defined in the Meytav Agreement).

In every instance of a transfer as aforesaid the transferee shall be entitled to transfer the shares back to the transferor.

42. Co-Sale

42.1 Notwithstanding the above, in the event that an any shareholder (the **"Vendor"**) shall desire to sell any of his shares in the Company to a third party, during the period commencing at the end of the Incubator Period and ending two (2) years thereafter, all the other shareholders of the Company (the **"Other Holders"**) shall be entitled to participate in such sale, according to the following procedure:

(a) The Vendor shall so notify the Other Holders describing in such notification the identity of the proposed purchaser and the material terms of such proposed sale. Upon receipt of such notice, each Other Holder shall have the right to exercise the option contained in Article 42.1(b) below.

(b) Each of the Other Holders shall have the option, exercisable by written notice to the Vendor, within twenty (20) days after receipt of the notice described in Article 42.1(a) above, to require the Vendor to provide as part of his proposed sale that each of the Other Holders be given the right to participate, on the same terms and conditions as the Vendor, in the sale pro rata in proportion to the respective numbers of shares owned at such time by the Other Holders who participate in the proposed sale. If any Other Holder shall not respond to such notice in the specified time frame, it shall be deemed a refusal to participate in such sale.

The Vendor will not sell shares in the Company which are subject to restrictions set forth in this Article 42, if the Other Holders cannot sell their shares in such transaction in accordance with this Article 42.1(b), unless the holders of the a majority of the Other Holders waive such right in writing.

(c) Notwithstanding the aforementioned in this Article 42 and Article 43 hereof, in

the event that the Vendor sells, or agrees to sell, shares of the Company in one transaction or in a series of transactions which result in the change in control of the Company (**"Change of Control Transaction"**), the Other Holder shall have the right to participate in such transaction and to sell all their shares in the Company in the framework and under identical terms and conditions of that same transaction. A Change of Control Transaction shall mean any transaction pursuant to which a person or an entity which is not a shareholder of the Company and which is not an affiliate of a shareholder or which is not a Permitted Transferee (**"Purchaser"**) shall acquire more than fifty percent (50%) of the issued and outstanding shares of the Company. In the event that the Purchaser shall refuse to purchase all of the Other Holders shares, then the Vendor shall not enter into a Change of Control Transaction in which the Other Holders cannot sell all their shares, unless the majority of the Other Holders waive such right in writing. The following procedure shall apply to a Change of Control Transaction:

(i) The Vendor shall notify the Other Holders of a Change of Control Transaction describing in such notification the identity of the proposed purchaser and the material terms of such proposed sale.

(ii) Each of the Other Holders shall have the option, exercisable by written notice to the Vendor, within ten (10) days after receipt of the notice described in Article 42.1(i) above, to require the Vendor to provide as part of its proposed sale that each of the Other

Holders be given the right to sell all shares in the Company held by such Other Holders in the proposed sale. If any Other Holders has not responded to such notice in the specified time frame, it shall be deemed to be a waiver of its right to participate in such sale.

(d) In the event that an Vendor should sell any shares in contravention of this Article 42 (a **"Prohibited Transfer"**) such Prohibited Transfer shall be null and void and the Board of Directors shall not effect any transfer of shares which constitutes a Prohibited Transfer.

(e) The provisions of this Article 42 shall terminate, with respect to the Vendor, upon the earliest of (a) the initial public offering of the Company, (b) the 4th anniversary of the incorporation of the Company. For clarification purposes the parties agree that the restriction on the sale or transfer of shares set forth in this Articles shall apply, *mutatis mutandis,* to any sale or transfer of shares in or any other company through which the Vendor holds shares in the Company.

(f) Notwithstanding anything to the contrary in this Article 42, the provisions of this Article 42 will not apply to the transfer of shares to a Permitted Transferee of the transferor.

43. Bring Along Rights

Prior to the initial public offering of the Company, in the event that the shareholders of the Company holding together more than two thirds of the voting power of the Company accept an offer to sell all of their shares to a third party, and such sale is conditioned upon the sale of all remaining shares of the Company to such third party, all other shareholders shall be required to sell their shares in such transaction on the same terms and conditions.

44. No transfer of shares shall be registered unless a proper instrument of transfer has been submitted to the Company, coupled with the certificate for the shares

to be transferred, and any other evidence as the Board of Directors may reasonably require of the title of the transferor to transfer his shares. As long as the transferee is not registered in the Register in respect of the shares transferred to him, the rights and obligations of the registered owner of the shares shall in no way be affected by the attempt to transfer.

45. The Instrument of transfer of any share shall be in writing substantially in the following form or in any other form declared by the Board of Directors of the Company and shall be signed by the transferor and transferee, or a representative thereof:

> I, the undersigned, of , in consideration of the sum of NIS paid to me by of (hereinafter called the "Said Transferee") do hereby transfer to the Said Transferee Ordinary Shares in Ltd., to hold unto the Said Transferee, executors, administrators, and assigns, subject to the several conditions on which I held the same at the time of the execution thereof, and I, the Said Transferee, do hereby agree to take the said share (or shares) subject to the above mentioned conditions.
>
> As witness our hands the day of ,
>
> Witness to the Signatures: .

46. The Board of Directors may suspend the registration of transfers during the fourteen (14) days immediately preceding the forthcoming General Meeting. Such decision shall be in effect provided shareholders were notified thereof at least thirty (30) days before the aforesaid General Meeting.

47. The executors and administrators of a deceased sole holder of a share, or, if there are no executors or administrators, the persons beneficially entitled as heirs of a deceased sole holder, shall be the only persons entitled to be recognized by the Company as having any title to the share. Notwithstanding, such entitled persons must apply to be registered in the Company's register of shareholders, and all rights and benefits conferred upon shareholders shall apply only after such registration is complete.

48. The Company may recognize the receiver or liquidator of any shareholder in winding-up or dissolution, or the trustee in bankruptcy or any official receiver of a bankrupt shareholder as being entitled to the shares registered in the name of such shareholder.

49. The Company may, by Special Resolution

49.1. consolidate and divide its share capital into shares of larger amount than its existing shares;

49.2. divide, by sub-division of its existing shares, or any of them, the whole or any part of its share capital into shares of smaller amount than is fixed by Article 8 above.

49.3. cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person;

49.4. reduce its share capital in any manner and with and subject to any incident authorized, and consent required, by law.

Borrowing Powers

50. The Board of Directors may from time to time, at its discretion, borrow or secure the payment of any sums of money for the purposes of or in connection with Company's affairs.

51. The Directors may raise or secure the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as they think fit, and, in particular, by the issue of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, of other securities on the undertaking of the whole or any part of the property of the Company, both present and future, including its uncalled capital for the time being and its called but unpaid capital.

General Meetings

52. An Annual General Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last Annual General Meeting) and at such time and place as the Board of Directors may fix.

53. All General Meetings, other than Annual General Meeting, shall be called “Extraordinary General Meetings”. The Board of Directors may, whenever it deems fit, convene an Extraordinary General Meeting, and shall be obligated to do so upon a request in writing in accordance with Section 63 of the Law.

54. All General Meetings shall be convened by the Board of Directors alone, upon its discretion or upon demand of a person or persons empowered to do so by the Law. A notice of the General Meeting shall be sent by the Board of Directors according to Articles 132 to 136 to all registered Shareholders not less than seven (7) days before the General Meeting is to take place.

55. A notice of a General Meeting to be convened shall include the date, time and place of the General Meeting, as well as an outline of the matters to be discussed and the votes to be taken at the Meeting.

56. Any resolution in writing signed by all shareholders of the Company entitled to vote at General Meetings or to which all said shareholders have given their written consent, by letter, or fax or telegram or telex or electronic mail or by other media, shall be deemed to have been unanimously adopted by a meeting duly convened and held.

Proceedings at General Meetings

57. No business shall be transacted at a General Meeting unless the requisite quorum is present at the commencement of the business, and no resolution shall be passed unless the requisite quorum is present when the resolution is voted upon.

58. Save as herein otherwise provided, a quorum shall be formed when there are present personally or by proxy, two or more shareholders holding between them 51% of the voting power of the of the Company.

59. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be postponed to the same day, time and place one week following. At such postponed meeting a quorum shall be formed according to Article 58 above.

60. If a delayed General Meeting is convened according to Article 61 below, and a quorum is not present within half an hour of the announced time, the Meeting shall commence with any number of shareholders present, and all resolutions adopted shall be deemed binding upon the Company as if a legal quorum was present, provided that such resolutions were in accord with the outline of matters to be discussed, included in the notification sent to the shareholders according to Article 55 above.

61. The Chairman of the Board of Directors shall preside as Chairman at every General Meeting of the Company. If there is no such Chairman or if at any meeting he is not present within fifteen (15) minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the shareholders present shall choose someone of their number to be Chairman. The Chairman of any General Meeting of the Company shall not be entitled to a second or casting vote.

62. Ordinary resolutions shall be adopted if approved by the holder(s) of a majority of shares held by the Shareholder(s) present at the General Meeting whether personally or by proxy.

63. Special Resolutions shall be adopted if approved by the holder(s) of 75% (seventy five percent) of the shares held by the Shareholder(s) present at the General Meeting whether personally or by proxy.

64. Every question submitted to a General Meeting will be decided by poll.

65. A declaration by the Chairman of the meeting that a resolution has been carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the book of proceedings of the Company, shall be prima-facie evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

66. The Chairman of a General Meeting may adjourn the same from time to time and from place to place, and the Chairman shall do so if the meeting so

demands; but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. A notice of the adjournment and of the matters to be included in the agenda of the adjourned meeting shall be given to all shareholders entitled to receive notices of General Meetings.

Votes of Shareholders

67. Every shareholder, present in person or by proxy, shall upon a poll, have such number of votes equal to the aggregate number of shares it holds, in the class to which his shares belong.

68. A corporation being a shareholder of the Company may, by resolution of its directors or any other managing body thereof, authorize any person it deems fit to be its representative at any meeting of the Company. Any person so authorized shall be entitled to exercise on behalf of the corporation which he represents all the powers which the corporation could have exercised if it

were an individual shareholder.

69. Shareholders may vote either personally or by proxy, or, if the shareholder is a corporation, by a representative pursuant to Article 71 or by a duly authorized proxy.

70. A shareholder wishing to appoint a proxy for the sole purpose of voting in his place at a General Meeting, may do so. The instrument appointing such a proxy shall be in writing under the hand of the appointer or of his attorney duly authorized in writing, or, if such appointer is a corporation by a duly authorized representative in the following form or in any other form which may be approved by the Board of Directors of the Company:

> I, of being a shareholder of Ltd. , hereby appoint of as my proxy to vote for me and on my behalf at the (annual or extraordinary as the case may be) General Meeting of the Company to be held on the day of , and at any adjournment thereof.Signed this day of , .
>
> The appointment may be by facsimile transmission.

71. In case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; for this purpose seniority shall be determined by the order in which the names stand in the Register.

72. No shareholder shall be entitled to vote at any General Meeting unless all calls or other sums then payable by him in respect of his voting shares in the Company have been paid

73. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority shall be deposited at the registered office of the Company not less than twenty four (24) hours before the time for holding the meeting at which the person named in the instrument proposes to vote. The chairman of the meeting shall be entitled to waive such requirement of deposit of twenty four hours before the meeting at his sole discretion.

74. A vote given in accordance with the terms of an instrument of appointment of attorney or proxy shall be valid notwithstanding the previous death of the principal, or revocation of the appointment, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer shall have been received at the office or by the Chairman of the meeting before the vote is given.

The Board of Directors

75. 75.1 The number of members of the Board of Directors of the Company shall be not less than three (3) and not more than six (6) members, but during the Incubator Period the number of directors shall not exceed three (3) unless approved by Meytav and the Entrepreneurs.

75.2 The directors of the Company will be nominated as follows:

75.2.1 For as long as the Entrepreneurs own in the aggregate, 15% of the outstanding shares of the Company, they shall be entitled to appoint a director of the Company.; and one non-voting observer who will be notified of all board meetings reasonably in advance and shall receive all preparatory materials, documents, presentations and minutes etc.; and

75.2.2 During the Incubator Period and after the Incubator Period and as long as Meytav owns at least 50% of the issued and outstanding shares of the Company, Meytav shall have the right to nominate all the other directors and for as long as Meytav owns at least 15% of the outstanding shares of the Company, Meytav shall be entitled to appoint one director.

76. Appointment or removal of a director shall be made by written notice to the Company signed by the Shareholder(s) entitled to appoint or remove a director according to Article 75.

77. Subject to the Law, a Director may appoint in writing, at any time, any person to act as a substitute director in his stead at any meeting or meetings of the directors at which that director is unable to be present. Any director so appointed shall be entitled to exercise all the powers and authorities of the director who appointed him, and shall comply with all the duties imposed on that director. Such appointment may be by facsimile transmission.

78. A person who has ceased to be a member of the Board of Directors shall be eligible for re-appointment.

79. If any member of the Board of Directors is not appointed, or if the office of a member of the Board of Directors is vacated, the continuing members of the Board of Directors may, as long as their number does not fall below the quorum, act in every matter. If the number of Directors falls below quorum, they shall not act except in emergency.

80. The office of a member of the Board of Directors shall, *ipso facto,* be vacated upon the happening of any of the following events:

80.1. Upon his death, or, if the Director is a Company, upon its winding-up;

80.2. If he be found lunatic or become of unsound mind by a legally authorized institution;

80.3. If he becomes bankrupt;

80.4. If he resigns his office by notice in writing to the Company Article 82 below and 83 below;

80.5. If he is found guilty by a court of law, of crimes according to Section 232 of the Law.

80.6. If an authorized court orders his office vacated, according to Section 233 of the Law.

81. [Reserved].

82. A Director wishing to resign from his office will notify the Chairman of the Board of Directors. Shall the Chairman himself wish to resign from his office, he shall notify all other directors. Such notifications shall be in writing, and come into effect on the day of the actual receipt of such notice by the Company.

83. A member of the Board of Directors shall not be required to hold any qualification share.

84. No member of the Board of Directors shall be disqualified by his office from holding any office or place of profit under the Company or under any company in which the Company shall be a shareholder or otherwise interested, or from contracting with the Company either as vendor, purchaser, or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any member of the Board of

Directors shall be in any way interested, be avoided, nor shall any member of the Board of Directors be liable to account to the Company for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only of such member of the Board of Directors holding that office or of the fiduciary relations thereby established, but it is declared that the nature of his interest must be disclosed by him at the meeting of the Board of Directors at which the contract or arrangement is first taken into consideration, if his interest then exists, or in any other case at the first meeting of the Board of Directors after the acquisition of his interest.

85. The members of the Board of Directors and their substitutes, if any, shall not be paid remuneration or fees out of the funds of the Company unless the General Meeting so decides and at the rate determined by the General Meeting but may be reimbursed for expenses.

Proceedings of the Board of Directors

86. The Board of Directors may meet together, upon at least three (3) days prior written notice, and adjourn their meetings and otherwise regulate their meetings and proceedings as they think fit. A director shall be entitled to waive this notice requirement. His attendance at a meeting of the Board of Directors shall itself constitute such a waiver.

87. No business shall be transacted at any meeting of the Board of Directors unless a notice of the meeting has been given to all directors in accordance with Article 86 (or waived in writing by all directors), and a quorum of directors is present at the time when the meeting proceeds to business. Save as herein otherwise provided, a quorum shall be formed when there are present a majority of the directors of the Company including the director nominated by Meytav (unless such director has waived his right to be present by a written notice).

If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be postponed to a date not earlier then 14 days from the original date and written notice shall be given to the absent directors of such postponed meeting. At such postponed meeting, a quorum shall be formed with the attendance of at least a majority of the directors then in office or such other number of directors as may be determined from time to time by the shareholders in general meetings. Notwithstanding anything contained in Article 86 to the contrary, in the event the director appointed by Meytav has been duly notified of this meeting of the Board of Directors, but has failed to attend for no reasonable reason, then such an absence shall not impair the quorum requirements for the convening of the Board of Directors and the meeting shall be deemed duly convened.

88. No business shall be transacted at a meeting of the Board of Directors unless the requisite quorum is present at the commencement of the meeting, and no

resolution shall be adopted unless the requisite quorum is present when the resolution is voted upon.

89. The Board of Directors may from time to time elect one of its members to be Chairman of the Board of Directors, remove such Chairman from office and appoint another in his place, provided that during the entire Incubator Period the Chairman of the Board

of Directors shall be a director nominated by Meytav.

90. The Chairman of the Board of Directors shall take the chair at every meeting of the Board of Directors, but if there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes of the time appointed for the meeting, or if he is unwilling to take the chair, the Directors present shall choose one of their number to the Chairman of such meeting. Such chairman shall have no second or casting vote.

91. A meeting of the Board of Directors at which a quorum is present shall be competent to exercise all the authorities, powers and discretion by or under the regulations of the Company for the time being vested in or exercisable by the Board of Directors generally.

92. Resolutions proposed at any meeting of the Board of Directors shall be deemed adopted if passed by a majority of the members of the Board of Directors present and voting at the meeting.

93. A resolution in writing signed by all members of the Board of Directors or to which all members of the Board of Directors have agreed in writing or fax or by cable or telex or electronic mail shall be as valid and effective for all purposes as if passed at a meeting of the Board of Directors duly convened and held.

94. Meetings of the Board of Directors may be held through computer network, telephone, radio or any other media of communication, enabling the Directors to communicate with each other and hear each other simultaneously, in the presence of all of them, provided due prior notice detailing the time and manner of holding a given meeting is served (orally or otherwise) upon all the Directors. Any resolution adopted by the Directors in such a meeting will immediately be recorded in writing and signed by the Chairman of the Board of Directors or the Chairman of the meeting, and shall be valid as if adopted at a meeting of the Board of Directors duly convened and held.

95. The Board of Directors may for any special matter delegate any of its powers to committees consisting of one or several members, whether or not such members are Directors, as the Board of Directors may deem fit, and it may from time to time revoke such delegation. Any Committee so formed (in these Articles referred to as "a Committee of the Board of Directors") shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board of Directors. The meetings and proceedings of any such Committee of the Board of Directors, consisting of two (2) or more members, shall be governed by the provisions herein contained for regulating the meetings of the Board of Directors, so far as the same is applicable thereto,

and so far as not superseded by any regulation made by the Board of Directors under this Article.

96. Notwithstanding Article 95 above, no Committee of the Board of Directors shall be authorized to exercise powers in the following matters:

96.1. Determining general Company policy;

96.2. Deciding upon distribution of equity to the Company's shareholders, whether by allocation of dividends or any other method, except for following specific guidelines decided upon by the Board of Directors itself;

96.3. Determining the Board of Directors' opinion on matters pertaining to a Special Tender Offer according to Sections 328-329 of the Law;

96.4. The issuing of shares or securities convertible to shares;

96.5. Approval of the Company's financial reports;

97. All acts done at any meeting of the Board of Directors, or of a Committee of the Board of Directors, or by any person acting as a Director, shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Directors or members of a Committee of the Board of Directors or person acting as aforesaid or any of them, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or a member of such Committee of the Board of Directors.

Powers of the Board of Directors

98. The management of the business of the Company shall be vested in the Board of Directors, and the Board of Directors may exercise all such powers and do all such acts and things as the Company is, by its Articles of Association or under the Law, authorized to exercise and do, and are not hereby or by statute directed or required to be exercised or done by the Company in General Meeting, but subject, nevertheless, to the provisions of the Law, and of these presents and any regulations or resolution not being inconsistent with these presents made from time to time by the Company in General Meeting; provided that no such regulation or resolution shall invalidate any prior act done by or pursuant to the directions of the Board of Directors which would have been valid if such regulation or resolution had not been made.

99. Notwithstanding anything in these Articles, during the Incubator Period, the following matters shall be subject to the affirmative vote of the director nominated by Meytav or if the issue is presented before the shareholders meeting to the affirmative vote of

Meytav in its capacity as a shareholder (i) during the Incubator Period and (ii) thereafter as long as Meytav holds at least 20% of the outstanding shares of the Company:

99.1. the engagement of the Company with any Entrepreneur and/or altering or terminating such engagement and/or any waiver of an material obligation of any Entrepreneur or any of the Company's employees to the Company;

99.2. the engagement of the Company in any substantial new business activities, or any change in its present business areas;

99.3. sale, transfer, lease or other disposition of the Company's assets or rights, other than in the ordinary course of business;

99.4. the sale and/or other disposition of the all of the Company's rights to the Product (as defined in the Meytav Agreement) and or in any other property (including know-how) and/or any material right of the Company;

99.5. the issuance and/or transfer of shares of the Company and the issuance of options or other securities by the Company;

99.6. determination of the employees, consultants and service providers entitled to receive shares and options pursuant to the Company's share option plan;

99.7. any matter related to the obligations of the Company to the OCS and/or Meytav;

99.8. any matter related to loans given to the Company and/or any loan or guarantee given by the Company to any third party;

99.9. nomination, termination and determination of terms of employment of the Company's CEO, CFO, CTO and business manager/business development director;

99.10. determination of and any change to the Company's signature rights;

99.11. any transaction of the Company not in the ordinary course of business, including the grant of any rights in the Company's intellectual property not in the ordinary course of business;

99.12. any "interested party" transaction (as defined in the Law);

99.13. any encumbrance, charge or pledge on any of the Company's assets;

99.14. the establishment of, or acquisition of shares or any other interest in, a company, partnership or any other form of legal entity;

99.15. appointment and removal of the Company's auditors and legal counsel.

99A. Notwithstanding anything to the contrary in these Articles, the following matters shall be subject to the affirmative vote of the director nominated by Yissum or if the issue is presented before the shareholders meeting to the affirmative vote of Yissum in its capacity as shareholder (i) during the

Incubator Period and (ii) thereafter as long as Yissum holds at least 20% of the outstanding shares of the Company:

99A.1 the engagement of the Company in any substantial new business activities, or any change in its present business areas;

99A.2 the issuance and/or transfer of shares of the Company and the issuance of options or other securities by the Company;

99A.3 nomination, termination and determination of terms of employment of the Company's CEO, CFO, and business manager/business development director

100. Notwithstanding anything to the contrary, the Board of Directors shall not be subject to any of the provisions stipulated in Article 99 above, in the event of a postponed meeting which the Director appointed by Meytav has failed to attend the meeting for no fair reason.

Local Management

101. The Board of Directors may from time to time provide for the management and transaction of the affairs of the Company in any specified locality, whether in Israel or abroad, in such manner as it thinks fit, and the provisions contained in the next following Article shall be without prejudice to the general powers conferred by this Article on the Board of Directors.

102. The Board of Directors may from time to time and at any time, establish any local board or agency for managing any of the affairs of the Company in any such specified Locality, any may appoint any person to be a member of such local board, or any manger or

agent, and may fix their remuneration. The Board of Directors may from time to time and at any time, delegate to any person so appointed any of the powers, authorities and discretion for the time being of any such local board to continue in his office notwithstanding any vacancy which may occur, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board of Directors may think fit, and the Board of Directors may at any time remove any person so appointed and may annul or vary any such delegation.

Managing Directors and General Managers

103. The Board of Directors may from time to time appoint one or more persons, whether or not Directors, as Managing Director or General Manager of the Company, either for a fixed term or without any limitation as to the period for which he or they is or are to hold office, and may from time to time (subject to any provisions of any contract between him or them and the Company) dismiss him or them from office and appoint another or others in his or their place or places.

104. The remuneration of a Managing Director or Director General shall from time to time (subject to any contract between him and the Company) be fixed by the Board of Directors.

105. The Board of Directors may from time to time entrust to and confer upon a Managing Director or a General Manager for the time being such of the powers exercisable under these presents by the Board of Directors as it may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such terms and conditions, and with such restrictions, as it thinks expedient; and it may confer such powers, either collectively with, or to the exclusion of, and in substitution for, all or any of the powers of the Board of Directors in that behalf; and may from time to time revoke, withdraw, alter or vary all or any of such powers, all as the Board of Directors may, from time to time, deem fit.

106. The general provisions in Article 104 shall not be construed in any way as allowing the powers detailed in Section 92(a) of the Law to be conferred upon a Managing Director or a General Manager, as the case may be.

Minutes

107. The Board of Directors shall cause minutes to be duly entered in books provided for that purpose and which will also include:

107.1. the names of the Directors present at each meeting of the Board of Directors and of any committee of the Board of Directors;

107.2. the names of the shareholders present at each General Meeting, whether in person, by trustee, or by proxy;

107.3. all directions given by the Board of Directors to any Committee of the Board of Directors;

107.4. all resolutions of General Meetings and of meetings of the Board of Directors and Committees of the Board of Directors.

108. Any minutes as aforesaid of a meeting of the Board of Directors, of a meeting of a Committee of the Board of Directors or of a General Meeting of the Company, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting or by the Chairman of such General Meeting, shall be accepted as prima facie evidence of the matters therein recorded.

Branch Registers

109. The Company may keep branch registers in any place outside of Israel, as the Board of Directors may deem fit, and, subject to the Requirements of the Law,

the Board of Directors may from time to time make and alter such regulations as it may deem fit in connection with the keeping of such branch registers.

The Stamp and the Right of Signature

110. The Company shall have at least one rubber stamp, and the Board of Directors shall provide for the safe custody of such rubber stamp.

111. The Board of Directors shall be entitled to authorize (and revoke such authorization) any person or persons (even if he or they is or are not Director(s) of the Company) to act and sign on behalf of the Company in any given case or as general authority with or without limitations, all as may be determined from time to time by the Board of Directors, and the acts and signatures of such person or persons on behalf of the Company shall bind the Company insofar as such person or persons acted and signed within his or their powers as aforesaid. Any authorization granted by virtue of this Article, shall not be construed in any way to grant powers in matters detailed in Section 92(a) of the Law.

112. The Company may exercise the powers conferred by Article 110 hereof with regard to having a rubber stamp for use abroad, and such powers shall be vested in the Board of Directors.

The Secretary, Officers, and Attorneys

113. The Board of Directors may from time to time appoint a Secretary to the Company, as well as officers, personnel, agents and servants, for fixed, provisional or special duties, as the Board of Directors may from time to time deem fit, and may from time to time, in its discretion, suspend the service of any one or more of such persons.

114. The Board of Directors may determine the powers and duties, as well as the salaries and emoluments, of such persons, and may demand security in such cases and at such amounts as it deems fit.

115. The Board of Directors may from time to time, and at any time, by power of attorney, appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Board of Directors, to be the Attorney or Attorneys of the Company for such purpose and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Board of Directors under these Articles), and for such period and subject to such conditions as it thinks fit, and any such power of attorney may such provisions for the protection and convenience of persons dealing with any such Attorney as the Board of Directors may think fit, and may also authorize any such Attorney to delegate all or any of the powers, authorities and discretion vested in him.

Dividends and Reserve Fund

116. The Board of Directors may, before recommending any dividend, set aside, out of the profits of the Company, such sums as it thinks proper, as a reserve fund to meet contingencies, or for equalizing dividends, or for special dividends, or for repairing, improving and maintaining any of the property of the Company, and for such other purposes as the Board of Directors shall, in its absolute discretion, think conducive to the interests of the Company; and may invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments, and dispose of all or any part thereof for the benefit of the Company, and may divide the reserve fund into such special funds as it thinks fit, and employ the reserve fund or any part thereof in the business of the Company, and without being bound to keep the same separate from the other assets.

117. Subject to the rights of holders of shares with special rights as to dividends (if there are any) and subject to the provisions of these articles as to the reserve fund, dividends shall be paid to the shareholders of issued, outstanding and fully paid-up shares proportionately, as the proportion of the number of their issued, outstanding and fully paid-up shares to the total number of issued, outstanding and fully paid-up shares in the Company as of the time of the payment of the dividend, on pro rata basis.

118. The Company in- General Meeting may declare a dividend to be paid to the shareholders according to their rights and interests in the profits, and may fix the time for payment; no dividend shall exceed the amount recommended by the Board of Directors, but the Company, in General Meeting, may declare a smaller dividend.

119. The Board of Directors may from time to time pay to the shareholders such interim dividend as may appear to the Board of Directors to be justified by the profits of the Company. Any such interim dividend shall be subject to the provisions outlined above with regard to dividends in general.

120. A General Meeting declaring a dividend may resolve that such dividend be paid, wholly or partly, by the distribution of specific assets, and, in particular, by distribution of paid up shares, debentures, or debenture stock of the Company, or paid-up shares, debentures, or debenture stock of any other Company, or in any one or more of such ways.

121. Without limiting other means of allocation, as defined in Section 1 of the Law, the Company is hereby authorized to acquire its own stock directly or through other companies in which it holds stock, subject to. Sections 308-309 of the Law. Any such purchase of shares shall be offered to all shareholders alike, pro rata to the number of issued, outstanding, and paid up shares they hold. Shall the Board of Directors deem necessary, they may, in a duly announced and noted decision by majority vote, decide to purchase shares from any one or number of shareholders to the exclusion of all others, provided the names of the shareholders whom the Company shall buy shares from, and the amount of

shares to be bought, are brought to the attention of the shareholders at the General Meeting approving such allocation.

122. For the purpose of the company acquiring its own shares according to Article 122, the limitations set out above on the transfer of shares in the Company in Articles 39 to 42 shall not apply.

123. No dividend or other form of allocation to shareholders shall be paid otherwise than out of the profits of the Company as defined in Section 302 of the Law, and no dividend shall carry interest as against the Company.

124. Any General Meeting may resolve that any moneys, investments, or other assets forming part of the undivided profits of the

Company standing to the credit of the reserve fund for the redemption of capital, or in the hands of the Company and available for dividends, or representing premiums received on the issue of shares and standing to the credit of the share premium account, be capitalized.

125. For the purpose of giving effect to any resolution under the two (2) last preceding Articles, the Board of Directors may settle any difficulty which may arise in to the distribution as it thinks expedient, and, in particular, may issue fractional certificates, and may fix the value for distribution of any specific asset, and may determine that cash payments shall be made to any shareholder upon the footing of the value so fixed, or that fractions of value less than NIS 1 - (one New Israeli Shekel) may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board of Directors. Where requisite, a proper contract shall be filed and the Board of Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund, and such appointment shall be effective.

126. The Board of Directors may deduct from any dividend, bonus or other amount to be paid in respect of shares held by any shareholder, whether alone or together with another shareholder, any sum or sums due from him and payable by him alone or together with any other person to the Company on account of calls or the like.

127. If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend payable on the share.

128. Article 123 notwithstanding, the Company is authorized to ask an authorized Court of Law to allow an allocation even beyond such determined profits, according to Section 303 of the Law.

Books of Account

129. The Board of Directors shall cause accurate books of account to be kept in accordance with the provisions of the Law, or any modification thereof for the time being in force. The books of account shall be kept at the registered office

of the Company, and at any place or places, as the Board of Directors may deem fit, and they shall always be open to inspection by members of the Board of Directors. No member not being a member of the Board of Directors, shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board of Directors or by the Company in General Meeting.

Accounts and Audits

130. Once at least in every year the account of the Company shall be examined and the correctness of the profit and loss account and balance sheet ascertained by the Auditor appointed in accordance with Section 154 of the Law.

131. The appointment, authorities, rights, salaries and duties of the auditor or auditors shall be regulated by the law in force for the time being.

Notices

132. A notice may be given by the Company to any shareholder, either personally or by letter, or telegram, or telex, or fax, or electronic mail or by any other medium, provided that the address, telephone number, or other means of addressing relevant, shall be entered in the Register. Any notice shall be deemed as properly received, 72 hours after being sent by registered mail to the address noted in the Register.

133. Article 132 notwithstanding, any notice actually received by a shareholder shall be deemed as duly sent and received, regardless of the method of delivery and the details of addressing employed.

134. A notice may be given by the Company to the joint holders of a share by giving notice to the joint holders named first in the register in respect of the share.

135. Notice of every General Meeting shall be given in any manner herein before authorized to all holders of share and to every person entitled to a share in consequence of death or bankruptcy or winding-up, would have been entitled to receive notice of the meeting.

No other persons shall be entitled to receive notices of General Meetings.

136. A notice shall be given by the Company to the persons entitled to a share in consequence of the death, bankruptcy or winding-up of a shareholder by sending it through the post in a prepaid letter addressed to them by name, or by the title of the representatives of the deceased, or trustee of the bankrupt or liquidator, or by any like description, at the address, if any, in Israel or abroad, supplied for the purpose by the person claiming to be so entitled, or - until such address has been so supplied - by giving the notice in any manner in which the same might have been given if the death, bankruptcy or winding-up had not occurred.

Insurance and Indemnity

137. The Company is authorized to the fullest extent permitted by the Law, as may be amended or supplemented in the future to:

137.1. procure directors' and officers' liability insurance for the following:

137.1.1. breach of duty or care by any Officer owed to the Company or any other person; and

137.1.2. breach of fiduciary duty by any Officer owed to the Company to the extent that such Officer acted in good faith and had a reasonable basis to assume that the action would not prejudice the Company; and

137.1.3. any financial liability imposed on any Officer for the benefit of a third party as a result of an act or omission such Officer committed as an Officer of the Company; and

137.2. indemnify its Officers for the following:

137.2.1. any financial liability imposed on any Officer for the benefit of a third party by a judgment, including a settlement or arbitration decision certified by the court, as a result of an act or omission that such Officer committed as an Officer of the Company; and

137.2.2. reasonable litigation expenses including legal fees incurred by the Officer or which he is obliged to pay by court order for:

137.22.1. a proceeding brought against him by the Company, on its behalf or by a third party, or

137.2.2.2. a criminal proceeding in which he is acquitted, or found guilty if the crime is defined as not necessitating criminal intent, provided that any such proceeding related to an act or omission that such Officer committed as an Officer of the Company; and

138. procure insurance for or indemnify any employee who is not an Officer with respect to any of the matters set forth in 137.1 and 137.2. The Company is authorized to exempt any or all Officer from liability due to his breach of duty of care owed to the Company.

Mergers

139. The Company is hereby authorized to merge with any other company or companies, subject to requirements by Law.

140. Article 139 notwithstanding, the company may limit or prohibit its power to merge, by resolution in a General Meeting or by contract with a third party, and no agreement of merger shall be binding which is contrary to such limitation.

Winding-Up

141. If the Company be wound up, the assets available for distribution among the shareholders as such shall be distributed among the shareholders in proportion to the capital paid-up, which ought to have been paid-up at the commencement of the winding-up on the shares held by them.

142. A resolution to liquidate the Company (as a voluntary liquidation) shall be carried, only if a unanimous resolution is passed to that effect at a General Meeting thereof.

[Translation from Hebrew]

APPENDIX C

Budget for the Approved Project

[* * *]

[* * *] — CONFIDENTIAL TREATMENT REQUESTED

APPENDIX D

CONFIRMATION & ASSIGNMENT OF IP RIGHTS

This Assignment Of IP Rights, is made as of 2004, by:

Yissum — the Company for the Development of Research of the Hebrew University of Jerusalem Ltd., an Israeli private company No. 51-042453-4 of Edmand Safra Campus, Givat Ram P.O.B. 39135, Jerusalem 91390, Israel ("**Yissum**") and Professor Oded Shoseyov I.D. No. XXXXXXX of Erez St. 5 Karmei Yousef ("**Professor Shoseyov**")

TO THE BENEFIT OF

Coll Plant Ltd. (hereinafter: the "Company"), a company organized and existing under the laws of the State of Israel, having its registered office at P.O.B, 408, Kiryar Shmona 11013, Israel

Now Therefore, the parties hereto have agreed as follows:

1. **Confirmation & Assignment.** Yissum and Professor Shoseyov hereby confirm that any and all developments, discoveries, techniques, methods, know-how, designs, inventions and improvements, trade secrets, trademarks, trade names, proprietary information, concepts and ideas pertaining to the product as defined in Exhibit "A" attached hereto, (all whether patentable or unpatentable), including without limitation is and to the know-how in connection with a method to induce conditions that are suitable for production of hydroxy-proline rich collagen in transgenic plants and the concept of using the plant post translation system by either co-expression of the plant P4H in the same subcellular compartment with the collage or by using different stress conditions for the production of hydroxylated collagen, that Professor Shoseyov has made, developed, discovered, invented, conceived or created solely on his own, prior to the date of this Assignment & Confirmation (all of the above: the "**IP Developments**"), were made in Yissum for the Company and are the sole property of the Company, and, to the extent required, Yissum and Professor Shoseyov hereby assign and transfer to the Company, its successors, assigns or nominees, all of their rights, titles and interest in and to the IP Developments, including without limitation in and to the all intellectual property rights associated therewith (such as patents, copyrights, mask work rights, etc.) and all other present and future rights in relation thereto and arising therefrom (all of the above, including the IP Developments, hereinafter: "**IP Rights**"). It being clarified that such assignment includes all rights to sue for and receive remedies against past, present and future infringements of any and all of the foregoing rights.

2. Yissum and Professor Shoseyov covenant and agree to assist the Company and its designee(s) in every proper way to secure the Company's rights in the IP Rights in any and all countries and, to the extent required, to effect the assignment and transfer to the Company of the IP Rights, including without limitation the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assurances, assignments and all other instruments which the Company shall deem necessary or expedient in order to apply for and obtain any copyrights, patents, mask work rights or other intellectual property rights relating thereto and to effect the assignment.

3. **Delivery of Documents.** Yissum and Professor Shoseyov confirm that they have delivered to the Company any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings blneprints, sketches,

materials, equipment, other documents or property, or reproductions of any aforementioned items that were in their possession in relation to the IP Rights.

4. **General Provisions.**

4.1 **Governing Law.** This Confirmation & Assignment shall be exclusively governed by the laws of the State of Israel (without regard to the principles of conflict of laws thereof).

4.2 **Successors and Assigns.** This Confirmation & Assignment will be binding upon Yissum and Professor Shoseyov and their heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

IN WITNESS WHEREOF, the Assignors have executed this Confirmation & Assignment Of IP Right as of the date first above written.

/s/ Reuven Ron /s/ Avi Barak	/s/ Oded Shoseyov
Yissum — Research Development Company of the Hebrew University of Jerusalem Ltd.	**Professor Oded Shoseyov**

Exhibit "A" - Product

A method for the manufacture of quality human collagen in plants and any and all components thereof.

[Translation from Hebrew]

Appendix E

Meytav Undertaking with respect to the Project

Version: 21.3.04

Date: May 30th, 2004

To:

Technological Incubator Administration
P.O.Box 50031
Tel Aviv 61500

Dear Sir / Madam,

Re: Letter of Undertaking and Notice of Commencement of Performance of Project in Incubator Conditions, Under the Prescriptions of Director-General Order 8.3

Topic: Method to Manufacture Quality Human Collagen in Plants

File No: 34205

Ref: Letter of Approval

We, Meytav — Technological Entrepreneurship Centre Ltd. (the name of the Incubator), Registration No. 32077 (hereinafter: the "**Incubator**"), hereby declare and undertake as follows:

1. On June 1st, 2004, the abovementioned approved R&D Project (hereinafter: the "**Project**") commenced performance in accordance with the abovementioned letter of approval (hereinafter: the "**Letter of Approval**").

   The Project is executed at the initiative of Prof. Oded Shoseyov (hereinafter: the " **Entrepreneur**").

2. We acknowledge that the loan approved by the Letter of Approval, will be paid subject to the terms and conditions in the Letter of Approval, and the terms and conditions detailed hereinafter (hereinafter: the "**Loan**"):

   2.1. The Agreement to operate an industrial R&D enterprise centre in incubator conditions, signed between us and the State on July 3rd, 2003, is, and will be, fully complied with, in accordance with law and the terms and conditions and stipulations therein, and same constitutes an integral part of this undertaking.

   2.2. The attached budget, in all its details, terms and conditions and appendices, constitutes a framework which is binding on the undersigned. No expense which deviates from that detailed framework will be allowed, otherwise than following approval on behalf of the Office of the Chief Scientist (hereinafter: "**OCS**").

   2.3. The Project will be carried out in the Incubator by an R&D team, and will be organised and registered as a private company, within three (3) months from the date of commencement of performance (hereinafter: the "**Project Company**").

   2.4. The Incubator will receive the Loan for performance of the Project, and will hold it in a separate bank account, on trust, as defined in the Trust Act 1979-5739.

   2.5. The Incubator will sign an agreement with the Entrepreneur, regulating the relationship between them, and the rights and obligations of both parties, as pertaining to performance of the Project and the commercialisation of its results. Such agreement will include a clause stipulating that the parties' undertakings in that agreement, pertaining to compliance with the instructions of the OCS, the terms and conditions of Director-General Order 8.3, the provisions of the agreement between the Incubator and the

State of Israel, the operating plan, the Letter of Approval, the Letter of Undertaking for the Project, and the instructions of the Incubator Committee, are also for the benefit of a third party, which is the State, as defined in the Contracts [General Provisions] Act 1973-5733.

2.6. The Incubator will be entitled to a down-payment for the Project, not exceeding 33% of the sum of the approved Loan for the first year and/or a payment pursuant to a financial report, provided that performance of the Project has actually begun.

2.7. Any additional payment will be executed in accordance with a detailed financial statement, corresponding to the Incubator Administration's procedures, and approved as accurate by an authorised representative of the Incubator. Payment will be effected after the foregoing report is examined by the CSO. The financial statement will be presented to the CSO once every three months.

2.8. A technical report will be presented to the CSO at least once every six months.

2.9. The down-payment will not be off-set from the payments on account of the financial statements, provided that in the course of the first year of the Project, there is no deviation from the approved first year Loan framework, and in the second year there is no deviation from the cumulative Loan framework approved for the entire Project and the entire performance term. However, the pace of performance of results will be monitored consecutively in accordance with the plan, and in the event that the pace is slower than planned, the sum of the down-payment will be correspondingly reduced.

2.10. Completion of documents not attached to the financial statements — will be presented upon presentation of the following quarterly financial statement, and in any event, completion documents will not be handled separately.

2.11. Once every six months, in the course of the two years of the Project, transfers amongst budgetary items may applied for.

2.12. Every payment on account of the Loan will exclusively constitute an advance, until the final financial statement is received and approved, as detailed in sub-clause 2.13 hereinafter.

2.13. The Incubator will file a final financial statement approved by an accountant, and a final technical report for the Project (hereinafter: the "**Final Reports**"), no later than three months after the conclusion of the term of performance.

The Final Reports will be inspected and approved by an accountant on behalf of the OCS.

2.14. The Incubator's account books and those of the Project Company, will be open for the review of parties on behalf of the OCS for a period of four years from the date of filing of the financial statement.

2.15. The OCS will have the right to off-set from the Loan any sum due to it from the Incubator, the Entrepreneur and/or the Project Company.

2.16. Performance of the Project will not be discontinued, otherwise than following prior written consent on behalf of the OCS. In the event that the Project is stopped without the foregoing approval, the OCS will be entitled to demand the refund of the Loan, plus dully added interest and linkage differentials.

2.17. The OCS will be entitled to demand additional relevant and/or technical reports, within the Project's performance term.

2.18. No expense will be allowed, unless the consideration was paid, except for applied costs as shall be approved.

2.19. The OCS is entitled to demand dully added interest and linkage differentials on every sum due to it from the Incubator, the Entrepreneur and/or the Project Company.

2.20. For the purposes of operating the Project, a separate and special bank account has been opened. Separate bookkeeping will be maintained for each project company separately.

2.21. It is hereby declared that no government funding has been received, or will be received, for performance of the Project, expect for the grant and except for a grant from the Tnufa Fund.

2.22. The terms and conditions herein, are intended to supplement any legal provision or law applicable to the grant of the Loan.

2.23. In addition, we undertake as follows:

2.23.1. That manufacture of the product that is developed as a result of the R&D work carried out in the course of the Project, will be carried out strictly in Israel, unless the Incubator Committee decides otherwise.

2.23.2. That the know-how that is produced from the R&D work in the course of the Project and/or the rights in it, will not be transfer to another in any way shape or form (directly or indirectly), unless such transfer is approved by the Incubator Committee.

2.23.3. In the setting of the Project Company's operations, to obey intellectual property laws applicable in the State of Israel. We

acknowledge that infringement of intellectual property laws applicable in the State of Israel, will entitle the OCS to demand the immediate refund of the Loans, benefits and any other sum given on account of the Project, plus dully added interest and linkage differentials.

2.23.4. That the provisions of the Encouragement of Research and Development in Industry Act 1984-5744, regarding preservation of the know-how and

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manufacturing rights in the State of Israel, will apply to the grant of the Loan, *mutatis mutandis*.

2.23.5. That subject to the provisions of Sub-clause 2.23.4 above, the terms and conditions herein do not detract from any legal provision and any law applicable to the grant of the Loan.

The undertakings detailed in Clause 2.23 above, shall be effective and binding so long as no document is signed pertaining to transfer of the Incubator's rights and obligations to the Company, and subject to such document being transferred to the OCS immediately upon its execution.

[*Signed*]	Zvika Rubinstein, Golan Zrihan	CEO, Director	[*company stamp*]
Signature of person Authorised to bind the Incubator	Name	Position	Stamp

Yours truly,

Note: the necessary forms and the detailed guidelines and procedures for the filing of the financial statements with the OCS, can be obtained at the Technological Incubator Administration.

[Translation from Hebrew]

Appendix

We, Tavkol (a Project for a method to manufacture quality human collagen in plants), Registration No. 34205 (hereinafter: the "**Project Company**"), and/or the Entrepreneur and/or the Entrepreneurs, do hereby declare and undertake as follows:

In accordance with the abovementioned Letter of Approval (hereinafter: the "**Letter of Approval**"), we hereby undertake and declare as follows:

1. To notify the Office of the Chief Scientist regarding any change of 25% of more, directly or indirectly, in the Project Company shares and/or in any one of the following means of control:

    a. The right to vote at Company meetings;

    b. The right to appoint directors in the Company;

    c. The right to participate in the Company's profits.

    We are aware that any transfer of any means of control, directly or indirectly, which transforms a foreign resident or foreign company into interested parties in the Project Company, requires the prior written consent of the Incubator Committee.

2. We are aware that in any event of failure to comply with the terms and conditions of the Letter of Approval or the terms and conditions of the Letter of Undertaking, or failure to perform the approved plan, the Incubator Committee is entitled to immediately stop payment of the Loan, and to demand the immediate refunding of all the sums received, plus dully added interest and linkage differentials.

3. We are aware that the provisions of the Encouragement of Research and Development in Industry Act 1984-5744, regarding preservation of the know-how and manufacturing rights in the State of Israel, will apply to the grant of the Loan.

[*Signed*]	Prof. Oded Shoseyov	Entrepreneurs		
Entrepreneurs' Signature And in the event that A company already exists Then the signature of The person authorised to	Name	Position	Stamp	

Bind the company

Yours truly,

[Translation from Hebrew]

Appendix F

Technical Specifications for the Product

[* * *]

[* * *] — CONFIDENTIAL TREATMENT REQUESTED

[Translation from Hebrew]

Appendix G

Timetables for Research and Development

[* * *]

[* * *] — CONFIDENTIAL TREATMENT REQUESTED

Appendix H.1

PERSONAL EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("**Employment Agreement**") is made this 4 day of October, 2004, by and between CollPlant Ltd, an Israeli company number CollPlant Ltd., an Israeli company number 5513578260 P.O.B. 408, Kiryat Shmona 11013, Israel (the "**Company**"). and Yehuda Tsafrir Feigin, I.D. No XXXXXXX, of Haela 17 Timrat, Israel (the "**Employee**").

WHEREAS The company operates in the framework of the technological incubation center established and managed by Meytav Technological Enterprises Initiation Center Ltd in accordance with the rules of the Office of the Chief Scientist of the Ministry of Industry and Trade; and

WHEREAS the Company desires to employ the Employee as the CEO of the Company on the terms and conditions set forth herein and the Employee desires to be employed by the Company on such terms and conditions for an undefined period of time; and

WHEREAS the Employee represents that he has the requisite skills, training and legal capacity to render the services hereunder.

THEREFORE, THE PARTIES HERETO AGREE as follows:

1. **Recitals, Headings and Interpretation**

1.1 The recitals constitute an integral part hereof.

1.2 The headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Employment Agreement.

2. **The Employee's Duties and Obligations**

2.1 The Employee shall be employed as CEO of the Company and shall report to the Board of Directors of the Company.

2.2 During the term of this Employment Agreement and unless and until otherwise agreed in writing, the Employee shall be employed on the basis of 60% of his working time. The employee shall devote his business time, attention and efforts to the performance of his duties and responsibilities under this Employment Agreement and the business and affairs of the Company and shall perform such duties diligently and promptly for the benefit of the Company.

2.3 The Employee shall render his services to the Company in a faithful, responsible and competent manner, all in accordance with the terms and conditions of the Employment Agreement and the Company's policies and procedures as may be in effect from time to time.

2.4 Attached hereto, as integral part hereof and marked **Appendix A** is a statement of employment conditions according to the Statement to Employee (Working Conditions), 5762-2002 law and the related regulations.

2.5 Except as set out in **Appendix B** hereto, the Employee shall not, during the term of this Employment Agreement, engage directly or indirectly in rendering services of a business, professional or commercial nature to any other person, firm, or corporation, whether or not such services are rendered for gain, profit or other pecuniary advantage without the prior written notification to the Company.

2.6 The Employee shall use his best endeavors to promote the interests of the Company. The Employee shall use his best endeavors to protect the good name of the Company and shall not perform any act that shall bring the Company into disrepute or breach of third parties rights.

2.7 In the event that the Employee shall discover that he has or might have at some point in the future, any direct or indirect personal interest in any of the Company's business or a conflict of interest with the duties required of him by virtue of his employment with the Company, immediately upon such discovery, the Employee shall so inform the Board of Directors in writing.

2.8 During the term of this Employment Agreement the Employee shall not directly or indirectly accept any commission, rebate, discount, or gratuity in cash or in kind, from any person who has or is likely to have a business relationship with the Company.

2.9 The Employee hereby acknowledges that working in the Company may require frequent travels outside Israel for lengthy and successive periods and hereby undertakes to abide by the traveling requirements of the Company as they will be communicated to the Employee from time to time by the Company.

2.10 The place of employment will be Kiryat Shmona. The Company shall have the right to change the place of employment without the consent of the Employee to a place within a radius of 40 km from Kiryat Shmona and if the Employee resigns because of this change, he shall not be entitled to severance pay from the Company.

3. **Salary**

3.1 The Company shall pay the Employee a basic gross monthly salary of NIS 11,537 (Eleven thousand five hundred and thirty seven) (the "**Gross Salary**"). The Gross Salary for each month shall be payable on the 9th day of the following calendar month.

3.2 The Employee acknowledges and agrees that his position, the terms of his employment and the nature of his work require a special measure of personal trust as defined in the Law of Hours of Work and Rest 1951, and therefore the provisions of such law shall not apply to the Employee and to his employment with the Company.

4. **Benefits and Social Conditions**

4.1 Vacation

The Employee shall be entitled to 18 paid vacation days per year; accumulation of vacation days and redemption of vacation days shall be as provided by applicable law.

4.2 Manager Insurance

The Company and the Employee shall acquire and maintain, a manager's insurance policy ("Bituch Menahalim") including disability insurance (hereinafter: the "**Policy**").

The Company shall contribute to the Policy a sum equal to 15.83% of the Gross Salary, of which 8.33% shall be on account of severance pay, 5% on account of pension fund payments. The Employee hereby authorizes the Company to deduct a sum equal to 5% of the Employee's Gross Salary to be paid on behalf of the Employee towards the Policy.

The Policy shall be effected by the Company and be in the name of the Company. The monthly payments by the Company under the Policy shall be in lieu of, and in full satisfaction of, severance compensation due under Israeli law, to the extent that the Employee is entitled thereto and in accordance with the "General Approval for Employers' Payments to Pension Funds and Insurance Funds in lieu of Severance Compensation" issued by the Minister of Labor and Welfare, an English translation of which is attached to this Agreement as **Appendix C** (the "**General Approval**"). The Company waives any right it may have with respect to any reimbursement of payments made by the Company to the Policy but such waiver shall be limited and qualified as stated in the General Approval.

4.3 Education Fund

The Company and the Employee shall acquire and maintain an Education fund (Keren Hishtalmut) (hereinafter: "**Education Fund**").

The Company shall contribute to the Education Fund a sum equal to 7.5% of the Gross Salary and the Employee shall contribute a sum equal to 2.5% of the Gross Salary. The Employee hereby authorizes the Company to deduct the said amount.

The Employee hereby instructs the Company to transfer to such Education Fund the amount of the Employee's and the Company's contribution from each Gross Salary payment as specified in this Section.

It is hereby clarified that if the sums contributed by the Company and/or the Employee to the Education Fund exceed the limit recognized by the Income Tax Authority from time to time, the Company will not gross up any tax payable in respect of such contributions and the Employee will be responsible for all tax consequences.

4.4 Options

The Employee will be entitled to receive options to purchase up to 2,000 Ordinary Shares of the Company, par value NIS 0.1 each (the "**Options**"). The terms and conditions of the Options shall be as specified in the Company's Option Plan according to Section 102 of the Israeli Income Tax Ordinance to be approved by the Board of Directors of the Company and by an Option Agreement to be executed between the Company and the Employee following the approval of the Company's Option Plan by the Board of Directors of the Company. The Company intends to approve the Option Plan within ninety (90) days of this Agreement.

4.5 Reimbursement of Expenses

The Company shall reimburse the Employee for all reasonable and necessary costs, expenses and disbursements incurred by the Employee in carrying out his duties and responsibilities under this Agreement as evidenced by invoices, in accordance with the regular practices of the Company regarding the reimbursement of such expenses

4.6 Sick Leave

The Employee shall be entitled to paid sick leave in as provided by applicable law. Any unused sick leave will not be redeemed in cash.

4.7 Convalescence pay

The Employee shall be entitled to convalescence pay as provided by applicable law.

4.8 Active reserve duty

The Employee will be entitled to receive the Gross Salary while on active duty in the IDF, subject to the Employee providing the Company, after his active duty, the proper documents verifying the active duty, less any payment he receives on account of the active duty. The Employee will notify the Company immediately after receiving his call to active duty.

5. **Exclusivity of the Contract**

5.1 The Employee shall not be entitled to any payment, right, benefit or reimbursement of expenses, which is not expressly mentioned in this Employment Agreement, including, but without prejudice to the generality of the foregoing, any payments, rights, retirement conditions or other benefits whatsoever, to which the Employees of the Company or of any company controlling the Company or under its control are now or in the future entitled, which are not specifically mentioned in this Agreement, unless otherwise provided by applicable law.

5.2 The Employee undertakes to keep the contents of this Employment Agreement confidential and not to disclose the contents of this Employment Agreement to any third party without the prior written consent of the Company.

6. **Proprietary Information and Non-Competition**

6.1 As used herein, the term "**Proprietary Information**" refers to (i) any and all information of a confidential, proprietary, or secret nature which is or may be either applicable to, or related in any way to (A) the business, present or future, of the Group, or of other companies with which the Group has a business relationship (collectively, "**Associated Companies**"), (B) the research and development or investigations of the Group, or (C) the business of any customer of the Group, as well as to (ii) any and all factual information that the Group is using, in the development of any products, processes, technology or equipment, or in general, certain information which, in and of itself, is not confidential, but the Group's utilization of which is confidential, which (iii) is disclosed to Employee during the course of his employment with the Group, or was disclosed to Employee prior to and in connection with his employment with the Group, including, without

limitation, during the recruiting process. Proprietary Information includes, for example and without limitation, software programs, trade secrets, processes, formulas, data, know-how, any and all passwords, copyrights, modeling techniques or concepts which have been extracted through use of modeling techniques, improvements, inventions, techniques, marketing plans and strategies, information concerning customers or vendors, and factual information that the Group is using non-confidential information in a certain way. Proprietary Information does not, however, include information obtained legally through public sources. Please be advised that any information about which the Employee is not certain should be treated as proprietary information; all information will be deemed confidential unless otherwise explicitly set forth in writing.

The term "**Group**" shall mean "the Company and/or any of its subsidiaries and/or affiliates".

6.2 The Employee acknowledges that the Proprietary Information is a special, valuable and unique asset of the Group, and the Employee agrees at all times during the period of his employment and thereafter for an unlimited time to

keep in confidence and trust all Proprietary Information. Employee agrees that during the period of his employment and thereafter he will not directly or indirectly use the Proprietary Information other than in the course of performing his duties as an employee of the Company, nor will the Employee directly or indirectly disclose any Proprietary Information or anything relating thereto to any person or entity, including to his family and friends, except in the course of performing his duties as an employee of the Company and with the consent of the Company, whether at the premises of the Company or in the course of work offsite, including, but not limited to, work performed by Employee at home.

6.3 In the event of any termination of his employment, whether or not for cause and whatever the reason, Employee will promptly deliver to the Company all property belonging to the Company, as well as all documents, data, records and other information pertaining to his employment, and Employee will not take with him any documents or data, or any reproduction or excerpt of any documents or data, containing or pertaining to any Proprietary Information or information of any type, including, without limitation, data and passwords.

6.4 The Employee agrees and undertakes that he will not, so long as he is employed by the Company, and for a period of twelve (12) months, following termination of his/her employment, directly or indirectly, including but not limited as owner, partner, joint venture, employee, broker, agent, principal, trustee, corporate officer, director, licensor or in any other capacity whatsoever, inter alia, engage in, become financially interested in, or have any connection with, any business or venture worldwide that is engaged in any activities competitive to the business of the Group. For purposes of this Employment Agreement, activities competitive to the business of the Group shall include, inter alia, all information, ideas and methods concerning any of the Group's products which is not public knowledge, including, but not limited to, its technology, marketing and all other aspects of the Company's unique system and its operation and any other business engaged in by the Group during the term of this Employment Agreement. Ownership of not more than three percent (3%) of the shares a competing entity shall not constitute a violation of this Agreement.

6.5 The Employee will not for twelve (12) months after the Termination Date solicit, canvass or approach in competition with the Group, any person or entity which, to his knowledge, was provided with goods or services by the Group or who invested or contemplated investment in the Group at any time during the twelve (12) months immediately prior to the Termination Date, for the purpose of offering goods or services of the same type as or similar to the goods or services supplied by the Group at the Termination Date or for the purpose of soliciting investment in an entity other than the Group;

6.6 The Employee agrees that during the period of his employment with the Company and for a period of twelve (12) months following termination of his/her employment he shall not either directly or indirectly, solicit, induce, recruit or encourage any of the Group's employees to leave their employment,

or take away such employees, or attempt to solicit, induce, recruit, encourage or take away employees of the Group, either for himself or for any other person or entity.

6.7 The Company and the Employee hereby expressly agree that the terms of this Section 6 are reasonable, in light of the provisions of this Employment Agreement and that the provisions of this Section 6 shall remain in full force and effect after the termination of this Employment Agreement.

6.8 The fruits of the Employee's work with the Company, including any business plan, patent, invention, development, idea, technology, methods of work, processes, research data, improvements and future products (hereinafter referred to as an "**Invention**") which are invented or developed by or in cooperation with the Employee during the term of his employment with the Company shall be wholly owned by the Company, and the Company shall be entitled to deal therewith as it desires and register and/or disseminate the Invention in its name without payment of any additional consideration by the Company. The Employee shall assist the Company in everything necessary in order to present, disseminate and/or register its rights in such an invention, both in Israel and abroad, and shall execute every document required in such connection even after the termination of his employment with the Company insofar as necessary. The Employee irrevocably appoints the Company as his attorney in fact in his name and on his behalf to execute all documents and do

all things required in order to give full effect to the provisions of this Section. Any such Invention shall be considered Proprietary Information.

7. **Representations and Warranties**

7.1 The Employee represents that he is healthy and does not suffer from any illness or infirmity or is not otherwise incapacitated as to prevent him from carrying out his duties as defined under this Employment Agreement and he is fully capable, as of the date hereof, physically and mentally, to carry out his duties hereunder.

7.2 The Employee represents and warrants that on the date hereof he is free to be employed by the Company upon the terms contained in this Agreement and that there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of his duties hereunder.

7.3 The Employee represents and warrants that he will not use during the course of his/her employment with the Company any trade secrets or proprietary information which is the property of the Employee's previous employer(s) in such a manner that may breach any confidentiality or other obligation the Employee may have with such former employer(s).

8. **Term and Termination**

8.1 The Employee's Employment under this Agreement shall commence as of 1.6.2004 and, subject to Section 8.2 below, shall continue until terminated by either the Employee or the Company for any reason or for no reason by giving sixty (60) days prior written notice to the other party (the "**Advance Notice**").

8.2 Notwithstanding Section 8.1, the Company shall be entitled to terminate the employment of the Employee by the Company immediately without Advance Notice, subject to the payment of the Gross Salary and related benefits pursuant to Section 4 above for the remaining period of the Advance Notice.

8.3 Notwithstanding the provisions of Sections 8.1 and 8.2 above, the Company shall be entitled to terminate this Employment Agreement and the employment relationship between the Company and the Employee, forthwith without severance pay, by delivery of a written notice to the Employee, for any of the following reasons:

(i) The Employee commits a material breach of his covenants in Sections 2 or 6 above or any of the representations and warranties pursuant to Section 7 above, as shall be determined in the reasonable opinion of the directors of the Company; or

(ii) The Employee commits a material breach of this Employment Agreement or fails to perform any of his duties hereunder and for a period of five (5) consecutive days from receipt of notice of such breach fails to cure such breach in such time; or

(iii) The Employee performs any act that entitles the Company legally to dismiss him without paying him any severance pay in connection with such dismissal; or

(iv) The Employee is convicted in a court of moral turpitude or dishonesty.

8.4 On termination of this Employment Agreement for any reason, subject to the receipt by the Employee of Advance Notice from the Company, the Employee hereby undertakes in favor of the Company that during the period of the Advance Notice, he shall train his successor and provide him with orderly explanations of all information and knowledge required to enable such successor to perform the duties in a manner similar to the manner in which the Employee performed such duties. The Company shall be entitled to wave the provisions of this Section 8.4.

8.5 In the event that the Employee purports to terminate this Employment Agreement without delivering to the Company the Advance Notice, the Employee shall pay compensation to the Company for the days he did not work during the period of the Advance Notice in an amount equal to the Gross Salary and the value of the related benefits for such period according to Section 4 above, pro-rata, to which the Employee would have been entitled had he worked those days.

8.6 In the event that the employment of the Employee is terminated, the Employee shall immediately return all documents, information, reports, possessions or other assets belonging to the Company such as but not limited to, computers, electrical devices, keys, car, remote controls and phones.

9. **General Provisions**

9.1 This Employment Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel.

9.2 The Company shall be entitled to set-off any amount owed to the Company by the Employee under the terms and provisions of this Employment Agreement from any amount owed by the Company to the Employee under the terms and provisions of this Employment Agreement or from any other source whatsoever.

9.3 If any term or provision of this Employment Agreement shall be declared invalid, illegal or unenforceable, then such term or provision shall be enforceable to the extent that a court shall deem it reasonable to enforce such term or provision and, if any such term or provision shall be unreasonable to enforce to any extent, such term or provision shall be severed and all remaining terms and provisions shall be unaffected and shall continue in force and effect.

9.4 The Employee and the Company hereby agree to attempt to substitute such provision for a valid or enforceable provision that achieves, as far as possible, the economic, legal and commercial objectives of the invalid or unenforceable provision.

9.5 Any notice, request, consent or other communication, required or permitted to be given under this Employment Agreement shall be in writing and shall be deemed to have been duly given if delivered or sent by registered or certified mail to a party at the address stated above or such other address as the party may from time to time designate by written notice to the other. Any notice or other document shall be deemed to have been received by the addressee seventy-two (72) hours following the date of dispatch of the notice by post or, where the notice or other document is sent by hand, at the time of delivery.

9.6 No amendment to or modification of this Employment Agreement shall have any effect unless such amendment or modification shall be in writing and executed by a director of the Company and the Employee.

9.7 This Employment Agreement represents the entire agreement between the Company and the Employee with respect to the employment by the Company of the Employee, and supersedes any prior agreements or understandings with respect thereto between the Company and the Employee, whether written or oral.

9.8 No failure or delay of either party in exercising any power or right hereunder shall in any way restrict or diminish such party's rights and powers under this Employment Agreement, or operate as a waiver of any breach or non-performing by either party of any of the terms or conditions hereof.

9.9 This Employment Agreement is personal to the Employee and the Employee shall not assign or delegate his rights or duties to a third party, whether by contract, will or operation of law, without the Company's prior written consent.

9.10 As used in this Employment Agreement, "Company" shall mean the Company as hereinbefore defined and any successor (whether direct or indirect, by purchase, merger, consolation or otherwise) to all or substantially all of the business and/or assets of the Company or which otherwise becomes bound by all the terms and provisions of this Employment Agreement by applicable law.

IN WITNESS WHEREOF the parties have duly executed this Employment Agreement as of the date first above written.

COMPANY		EMPLOYEE
By:	/s/ Zvika Rubinstein	/s/ Yehuda Tsafrir Feigin
Name (Print):	Zvika Rubinstein	Name (Print): Yehuda Tsafrir Feigin
Title:	Chairman	

APPENDIX A

Form 1

(Regulation 1(A))

Notice of Employment Terms

1. Name of Employer: Collplant
Legal Entity: Company limited by shares
Registration Number: 5513578260
Address: P.O.B. 408 Kiryat Shmona, Israel

Name of Employee: Yehuda Tsafrir
I.D. Number: XXXXXXX
Address: Haela 17 Timrat, Israel

2. Date of Commencement of Employment: 1.6.2004

The Employment Agreement attached hereby is for an unlimited period of time (agreement at will), and can be terminated according to its provisions

3. Principal Duties of the Employee are as follows: CEO

4. Name of direct supervisor of the employee or title of direct supervisor: Board of Directors

5. The basis for payment of salary: monthly salary.

6. The employee's salary is set based upon the rank of CEO

Details of all of the payments that will be made to the employee are as follows:

Fixed Payments		Non-Fixed Payments	
Type of Payment	**Date of Payment**	**Type of Payment**	**Date of Payment**
Salary	Until the 9th of the following month		
Convalescence pay	Until the 9th of the following month		

7. Length of regular day of employment of the employee - same as the one that applies Generally to all employees of his position and status of the Company, but no less than five and two tenths (5.2) hours. Length of regular week of employment of the employee is five (5) days. The Employee will not be entitled to any overtime payment if he works more than five and two tenths (5.2) hours per day.

8. The employee's regular weekly rest day is: Saturday.

9. Payments for social benefits to which the employee is entitled:

Type of Payment	Receiving entity and name of program	Percentage of allocation of the employee	Percentage of allocation of the employer	Date of Commencement of Payment
Managers Insurance		5%	8.33% 5%	1.6.2004
Education Fund		2.5%	7.5%	
Working Disability Insurance				
Other:				

This notice is not an employment agreement, but rather the employer's notice regarding the principal terms of employment; nothing contained in this notice derogates from any right to which the employee is entitled pursuant to any law, extension order, collective agreement or employment agreement.

Date: 4/10/04 Signature of Employer: /s/ Zvika Rubinstein

APPENDIX B

Other Activities Performed by the Employee and Permitted by the Employer

Artemis Ltd. — CEO

Meytav — Ltd. -CFO

APPENDIX C

GENERAL APPROVAL REGARDING PAYMENTS BY EMPLOYERS TO A PENSION FUND AND INSURANCE FUND IN LIEU OF SEVERANCE PAY

By virtue of my power under section 14 of the Severance Pay Law, 5723-1963 (hereinafter: the "**Law**"), I certify that payments made by an employer commencing from the date of the publication of this approval for his employee to a comprehensive pension benefit fund that is not an insurance fund within the meaning thereof in the Income Tax (Rules for the Approval and Conduct of Benefit Funds) Regulations, 5724-1964 (hereinafter: the "**Pension Fund**") or to managers insurance including the possibility to receive annuity payment under an insurance fund as aforesaid (hereinafter: the "**Insurance Fund**"), including payments made by the employer by a combination of payments to a Pension Fund and an Insurance Fund (hereinafter: the "**Employer's Payments**"), shall be made in lieu of the severance pay due to the said employee in respect of the salary from which the said payments were made and for the period they were paid (hereinafter: the "**Exempt Salary**"), provided that all the following conditions are fulfilled:

(1) The Employer's Payments -

(a) to the Pension Fund are not less than 14 1/3% of the Exempt Salary or 12% of the Exempt Salary if the employer pays, his employee's benefit in addition thereto payments to supplement severance pay to a benefit fund for severance pay or to an Insurance Fund in the employee's name in an amount of 2 1/3% of the Exempt Salary. In the event the employer has not paid the above 2 1/3% in addition to the said 12%, his payments shall be only in lieu of 72% of the employee's severance pay;

(b) to the Insurance Fund are not less than one of the following:

(1) 13 1/3% of the Exempt Salary, if the employer pays for his employee in addition thereto also payments to secure monthly income in the event of disability, in a plan approved by the Commissioner of the Capital Market, Insurance and Savings Department of the Ministry of Finance, in an amount required to secure at least 75% of the Exempt Salary or in an amount of 2½% of the Exempt Salary, the lower of the two (hereinafter: "**Disability Insurance**");

(2) 11% of the Exempt Salary, if the employer paid, in addition, a payment to the Disability Insurance, and in such case the Employer's Payments shall be only in lieu of 72% of the Employee's severance pay;

In the event the employer has made payments in addition to the foregoing payments to supplement severance pay to a benefit fund for severance pay or to an Insurance Fund in the employee's name in an amount of 2 1/3% of the Exempt Salary, the Employer's Payments shall replace 100% of the employee's severance pay.

(2) No later than three months from the commencement of the Employer's Payments, a written agreement was executed between the employer and the employee which included:

(a) the employee's consent to an arrangement pursuant to this approval in a text specifying the Employer's Payments, the Pension Fund and Insurance Fund, as the case may be; the said agreement shall also include the text of this approval;

(b) an advance waiver by the employer of any right which he may have to a refund of monies from its payments, except in cases in which the employee's right to severance pay was denied by a final judgment pursuant to section 17 to the Law and/or in cases in which if such severance pay was denied the employee has withdrawn monies from the Pension Fund or Insurance Fund other than by reason of an entitling event; for these purposes "Entitling Event" means death, disability or retirement at or after the age of 60.

(3) This approval is not such as to derogate from the employee's right to severance pay pursuant to any law, collective agreement, extension order or employment agreement, in respect of salary over and above the Exempt Salary.

15th Sivan 5758 (9th June 1998).

Appendix H.2

Yissum's Consultancy Agreement

TBD — To be determent in the future, if agree by the parties and signed.

APPENDIX I

Capitalization Table of the Company

APPENDIX I

Capitalization Table of the company

MEYTAV Ltd: 61,000 ordinary shares

5,000 ordinary shares will be allocated to Meytav's management

8,400 ordinary shares for the supplementary financing

47,600 ordinary shares held by Meytav in accordance with rules and regulations.

YISSUM: 32,000 ordinary shares

YEHUDA TSAFRIR: 7,000 ordinary shares

Total shares: 100,000

[Translation from Hebrew]

Appendix J

Services to be provided to the Company by Yissum

To:
Yissum, Research Development Co. at
The Hebrew University in Jerusalem
P.O.Box 39135
Jerusalem

Dear Sir / Madam,

Re: Order of Services

1. We are delighted to order from you performance of laboratory services relating to: development of a process to manufacture quality human collagen in plants [hereinafter — the Services].

2. The Services will be provided for a one year term, from June 1st, 2004 through May 31st, 2005.

3. The Services will be provided by Prof. Oded Shoseyov's laboratory.

4. The scientific report, and any report required as a consequence of providing the Services, will be given to us directly by the researcher, at the conclusion of every quarter.

   At the end of every month, Collplant will be furnished with attendance reports for all the employees employed on a salary at the Rehovot Lab.

5. In consideration of provision of the Services and the totality of undertakings hereunder, we shall pay you a sum of 183,600 NIS plus dully added VAT, in accordance with the budget enclosed herewith as Appendix A, which shall be paid at the following dates:

   5.1. 45,900 NIS (after deduction of a down-payment of 21,367 NIS) during August 2004.

   5.2. Three more payments of 45,900 NIS each, in accordance with the filing of a scientific report adjusted for the Chief Scientist.

   For the avoidance of doubt, we wish to clarify that you are not obligated to provide any financial statements whatsoever, and the expenses of performing the abovementioned Services will apply strictly to you.

6. Failure to meet the timetable will entitle us to delay payments until completion of your relevant undertaking in full.

7. For the avoidance of doubt, we wish to clarify that no employer-employee relations shall be extant between us and you and/or between you and the researcher, but rather strictly orderer and independent contractor relations.

8. In any event in which disputes erupt between us and you regarding the Services subject matter hereof, with all that such entails and arising therefrom, a sole arbitrator shall arbitrate them, to be appointed by the parties in congruence, and in the absence of such consent, an arbitrator to be appointed by the head of the Jerusalem Bar Association, at the request of either one of the parties.

9. Your execution of a copy of this letter shall constitute your confirmation and consent to everything stated herein.

Date: Collplant Ltd. [*Signed*]

We agree and confirm

[*Signed*]

Yissum, Research Development Co. for
The Hebrew University in Jerusalem

Appendix A

Yissum Budget — The Hebrew University in Jerusalem	
Manpower (12 months of Project)	
Dr. Hannan Stein grant	120,000 NIS
Outside Services	
Sequencing, analysis of amino acids, etc.	16,000 NIS
Total	136,000 NIS
Overheads (35%)	47,600 NIS
Total including overheads	183,600 NIS

Exhibit 10.3

COLLPLANT HOLDINGS LTD.
(the "Company")

SHARE OWNERSHIP
AND OPTION PLAN (2010)

TABLE OF CONTENTS

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1. PREAMBLE

1.1. Purpose; Eligibility. This plan, as amended from time to time, shall be known as the "CollPlant Holdings Ltd. Share Ownership and Option Plan (2010)" (the **"Plan"**). The purpose and intent of the Plan is to provide incentives to employees, directors and/or service providers including advisors of the Company and/or of subsidiaries and/or affiliated companies of the Company (each a **"Related Company"** and collectively, **"Related Companies"**) by providing them with the opportunity to purchase shares of the Company. In addition the Company may provide individual grantees who are employed by advisors or service providers and approved by the Board of Directors of the Company (the "**Board**") the opportunity to purchase shares of the Company under the

Plan.

1.2. Types of Awards; Tax Regimes. The Plan is intended to enable the Company to grant options and issue shares under various and different tax regimes, including, without limitation: (i) pursuant and subject to Section 102 of the Israeli Income Tax Ordinance (New Version), 1961 (the "**Income Tax Ordinance**") or any provision which may amend or replace it and any regulations, rules, orders or procedures promulgated thereunder (collectively, "**Section 102**") and to designate them as either grants made through a trustee or not through a trustee; (ii) pursuant and subject to Section 3(i) of the Income Tax Ordinance; (iii) as "incentive stock options" within the meaning of Section 422 of the United States Internal Revenue Code of 1986, as amended ("**Incentive Stock Options**" and the "**Code**", respectively); (iv) as options to U.S. residents, which would not qualify as Incentive Stock Options ("**Non-Qualified Stock Options**"); (v) to grantees in jurisdictions other than Israel and the United States; and (vi) as restricted shares.

The Company, however, does not warrant that the Plan will be recognized by the income tax authorities in any jurisdiction or that future changes will not be made to the provisions of applicable laws, or rules or regulations which are promulgated from time to time thereunder, or that any exemption or benefit currently available, whether pursuant to Section 102 or otherwise, will not be abolished.

1.3. Adjustments and Compliance with Tax Laws. The Board shall have the authority to make any requisite adjustments in the Plan and determine the relevant terms in any Agreement (as defined in Section 7 below) in order to comply with the requirements of any of the relevant tax regimes. Furthermore, should any provision of Section 102 be amended, such amendment shall be deemed included in the Plan with respect to options granted or shares issued in the context of Section 102. Where a conflict arises between any section of the Plan, the Agreement or their application, and the provisions of any relevant tax law, rule or regulation, whether relied upon for tax relief or otherwise, the Board at its sole discretion shall determine the necessary changes to be made to the Plan and its determination regarding this matter shall be final and binding.

1.4. Grants as Public Company. The Plan contemplates the grant of option awards by the Company as a company whose shares are publicly-traded. The Company's shares are registered for trading on the Tel-Aviv Stock Exchange Ltd. and may in the future be traded on other stock exchanges or on an electronic quotation system, whether in Israel or abroad. Therefore, the options and/or shares allotted in accordance with the Plan may be made conditional to any requirement or instruction of the stock exchange authorities or of any other relevant authority acting pursuant to applicable law as shall exist from time to time. In such case, by means of a Board resolution, the Plan and the Agreements prepared pursuant hereto, may be amended as

necessary to meet such requirements. In the event of a contradiction between any such amendment and the Plan's provisions, the amendment shall prevail.

2. ADMINISTRATION OF THE PLAN

2.1. The Plan shall be administered by the Board and/or by any committee of the Board so designated by the Board. Any subsequent references herein to the Board shall also mean any such committee if appointed and, unless the powers of the committee have been specifically limited by law or otherwise, such committee shall have all of the powers of the Board granted herein. Without derogating from the generality of the foregoing, the Board shall have the authority to designate grants made pursuant to Section 102 as either grants made through a trustee or not through a trustee and to determine (and from time to time, change, subject to Section 102) the tax route applicable to options granted through a trustee pursuant to Section 102 (e.g., the capital gains route or the employment income route) and to make any other elections with respect to the Plan pursuant to applicable law. Subject to Sections 4 and 15, the Board shall have plenary authority to determine the terms and conditions of all options (which need not be identical), including, without limitation, the purchase price of the shares covered by each option, the identity of those to whom, and the time or times at which, options shall be granted, the number of shares to be subject to each option, whether an option shall be granted pursuant to Section 102 or otherwise and when an option can be exercised and whether in whole or in installments. Subject to Section 15, the Board shall have plenary authority to construe and interpret the Plan, to prescribe, amend and rescind the rules and regulations relating to it and to make all other determinations deemed necessary or advisable for the administration of the Plan. All determinations and decisions of the Board pursuant to the provisions of the Plan and all related orders and resolutions of the Board shall be final, conclusive and binding on all persons, including the Company, its shareholders, grantees and their estates and beneficiaries.

2.2. Any directive or notice signed by a member of the Board shall constitute conclusive proof and authority for every act or decision of the Company.

2.3. No director or officer of the Company shall be personally liable or obligated to any grantee as a result of any decision made and/or action taken with respect to the Plan or its execution.

3. SHARES SUBJECT TO THE PLAN

The shares subject to the Plan shall be Ordinary Shares of the Company. The initial maximum number of shares that may be issued under the Plan is 17,000,000 Ordinary Shares of NIS 0.01 nominal value each, as such number of shares may be adjusted in accordance with Section 14. The Board may from time to time increase or decrease the maximum number of shares that may be issued under the Plan. Such shares may be in whole or in part, as the Board shall from time to time determine and subject to applicable law, authorized and unissued Ordinary Shares or issued and fully paid Ordinary Shares which shall have been purchased by the Company or the Trustee (as hereinafter defined) hereunder with funds provided by the Company, or otherwise as the Board shall determine. If any

option granted under the Plan shall expire, terminate or be canceled for any reason without having been exercised in full, the shares subject to the expired, terminated or cancelled portion of such option shall again be available for the purposes of the Plan.

4. **OPTION EXERCISE PRICES**

The consideration to be paid by a grantee for each share purchased by exercising an option (the **"Option Exercise Price"**) shall be as determined by the Board on the date of the option approval (the "**Date of Grant**"), but, in the case of an Incentive Stock Option, not less than 100% of the Fair Market Value (as defined in Section 9.5 below) of the underlying Ordinary Shares on the Date of Grant or such other amount as may be required pursuant to the Code, and provided that the Option Exercise Price shall not be less than the nominal value of the shares subject to the option.

No Incentive Stock Option shall be granted to a grantee who at the time of grant owns (or is considered to own within the meaning of Section 424(d) of the Code) shares possessing more than 10% of the total combined voting power of all classes of shares of the Company (or any parent or subsidiary of the Company), unless at the time the Option Exercise Price is at least 110% of the Fair Market Value of the underlying Ordinary Shares and the Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the Date of Grant.

The Board may, at its discretion, grant the holder of an outstanding option, in exchange for the surrender and cancellation of such option, a new option having an Option Exercise Price lower than provided in the option so surrendered and canceled, and containing such other terms and conditions as the Board may prescribe in accordance with the provisions of this Plan, provided that such new Option Exercise Price shall not be less than the nominal value of the shares subject to the new option.

5. **EXCLUSIVITY OF THE PLAN**

Unless otherwise determined by the Board in any particular instance as part of the Agreement, each grantee hereunder will be required to declare and agree that all prior agreements, arrangements and/or understandings with respect to shares of the Company or options to purchase shares of the Company which have not actually been issued or granted prior to execution of the Agreement shall be null and void and that only the provisions of the Plan and/or the Agreement shall apply.

Notwithstanding the above, the adoption of this Plan, by itself, shall not be construed as amending, modifying or rescinding any incentive arrangement previously approved by the Board or as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of options otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

6. **GRANT OF THE OPTIONS AND ISSUANCE OF THE SHARES TO THE TRUSTEE**

6.1. The Board shall appoint a trustee for the purposes of this Plan, which trustee shall be approved, with respect to grants designated as grants made through a trustee pursuant to Section 102, in accordance with Section 102 (the "**Trustee**"). The Trustee shall have all the powers provided by law, Section 102 and the Plan and shall act pursuant to the provisions thereof, as they shall apply from time to time. The Company shall pay the Trustee a fee as shall be agreed between the Trustee and the Company.

6.2. Unless otherwise determined by the Board, all option awards shall be issued by the Company in the name of the Trustee and the share certificates representing any

shares issued pursuant to options exercised hereunder, and any and all other or additional rights or shares deriving from or issued in connection therewith, if any, such as, but not limited to, bonus shares (share dividends) ("**Additional Rights**"), shall be issued by the Company in the name of the Trustee in trust for the designated grantee and shall be deposited with the Trustee, held by him and registered in his name in the register of members of the Company for such period as determined by the Board but, in the case of grants designated as grants made through a trustee pursuant to Section 102, not less than the period required, or approved, with respect thereto pursuant to Section 102, as shall be in effect from time to time (the "**Lock-Up Period**").

Furthermore, and without derogating from the aforesaid or any other provision hereof, with respect to options granted or shares issued which were designated as made through a trustee pursuant to Section 102: (i) they may not be sold until the end of the Lock-Up Period, unless otherwise allowed or determined by the Israeli tax authorities; and (ii) all Additional Rights will be subject to the same tax route applicable to the original option and/or shares.

6.3. Without derogating from the provisions of Sections 6.2 above or 6.7 below, and unless otherwise determined by the Board generally or in any particular instance, the shares issued with respect to any options granted hereunder and all Additional Rights, if any, will be held by the Trustee and registered in his name. Since the Company is listed for trade in the Tel-Aviv Stock Exchange Ltd., the grantee may request the registration of the options in his/her name and transfer to him/her subject to the provisions of Section 102, applicable laws and the Plan all as shall be in effect from time to time (e.g., payment of taxes, etc.). Notwithstanding the above, options granted and designated as grants made through a trustee pursuant to Section 102 will be held by the Trustee and registered in his name in trust for the designated grantee, for not less than the Lock-Up Period.

6.4. Options granted hereunder shall not confer upon the holder thereof any of the rights of a shareholder of the Company with respect to the shares subject to such options until such shares are issued and registered in the name of the holder upon the exercise of the options.

6.5. For as long as any shares are held by the Trustee or registered in his name or for as long as the certificates representing any shares are held by the Trustee, the Trustee alone shall be entitled to receive every notice to which a shareholder is entitled, or to demand any information, and any financial and/or other report to which a shareholder is entitled from the Company, and only he or whomever he shall designate pursuant to the Proxy and Power of Attorney referred to and as defined in Section 10.2 below (the "**Attorney**"), shall be entitled to exercise every other right of the shareholders vis-a-vis the Company including the right to participate in and to vote at all shareholders' meetings. No grantee shall be entitled to exercise any of these rights as shareholder nor make any demand or request of the Trustee and/or of the Attorney in this regard.

6.6. Shares registered in the Trustee's name shall be represented at meetings of shareholders of the Company and shall be voted by the Trustee or the Attorney.

6.7. Nothing in the aforegoing provisions shall derogate from the power of the Board to grant options or to allot shares to the Trustee otherwise than under the provisions of Section 102, or to allot shares or grant options to grantees directly otherwise than through the Trustee or on terms which differ from those specified above, or to

approve the transfer of shares from the Trustee to the name of any grantee(s) upon such conditions as shall be determined by the Board.

7. OPTION OR SHARE PURCHASE AGREEMENT; TERMINATION OF EMPLOYMENT

Unless otherwise determined by the Board, every grantee shall be required to sign an option or share purchase agreement or other document as shall be determined by the Board, in the form approved by the Board (the "**Agreement**").

The Agreement shall specify the type of option award granted and whether it constitutes an option pursuant to Section 102, and if so, under which regime, an option pursuant to Section 3(i) of the Income Tax Ordinance, an Incentive Stock Option, a Non-Qualified Stock Option or otherwise. The Agreement need not be identical with respect to each grantee. The following terms, however, shall apply to all options, and, mutatis mutandis, shares, unless expressly otherwise decided in respect of a particular option:

7.1. Unless otherwise determined by the Board or in the Agreement, the Option Exercise Price shall be paid by the grantee to the Company no later than the date of exercise of the option in such manner as the Company may prescribe.

7.2. The grantee shall have no right of first refusal to purchase shares of the Company which may be offered for sale by shareholders of the Company, and shall have no pre-emptive rights to purchase shares which are being allotted or shall in the future be allotted by the Company, to the extent any such rights otherwise exist.

7.3. The option and/or the right to the option and/or the shares are personal and except insofar as is specified in this Plan, and, where applicable, subject to Section 102, may not be transferred, assigned, pledged, withheld, attached or otherwise charged either voluntarily or pursuant to any law, except by way of transfer pursuant to the laws of inheritance, and no power of attorney or deed of transfer, whether the same has immediate effect or shall take effect on a future date, shall be given with respect thereto. During the lifetime of the grantee, the option may only be exercised by the designated grantee or, if granted to the Trustee, by the Trustee on behalf of the designated grantee. A note as to the provisions of this sub-section or a legend may appear on any document which grants the option and in particular in the Agreement, and also on any share certificate.

7.4. The right to exercise the option is granted to the Trustee on behalf of the grantee. Vesting shall be in installments, gradually over a period of 4 (four) years from the Date of Grant of the option or such other period or periods as determined by the Board. Unless otherwise determined, at the conclusion of each period for the exercise of the option as determined in the Agreement ("**Vesting Periods**"), the option may, from time to time, be exercised in relation to part or all the shares allocated for that period, in such manner that at the end of 1 (one) year from the granting of the option, the Trustee shall, in the absence of a contrary determination in the Agreement, be entitled to exercise on behalf of the grantee and at his or her request, up to 25% (twenty five percent) of the shares subject to the option and thereafter 1/16 of the options quarterly over 3 years.

In addition, during each of the Vesting Periods, the option may be exercised in relation to all or part of the shares allocated for any previous Vesting Period in which the option was not fully exercised, provided, subject to the provisions of Section 7.6 hereof, that at the time of the exercise of the option the grantee has

continued to be employed by or to serve as a director of or provide services to, the Company or a Related Company on a continual basis from the Date of Grant thereof until the date of their exercise. After the end of the Vesting Periods and during the balance of the option period, the option may be exercised, from time to time, in relation to all or part of the shares which have not at that time been exercised and which remain subject to the option, subject to the provisions of Section 7.6 hereof and to any condition in the Agreement, if such exists, which provides a minimum number of shares with respect to which the option may be exercised and any provision which determines the number of times that the Trustee may send the Company notice of exercise on behalf of the

grantee in respect of the option. The Board shall be entitled at any time to shorten the vesting schedule or any Vesting Period.

7.5. The Board may determine at its sole discretion, that any grantee shall be entitled to receive the options or the shares, through the Trustee, pursuant to the provisions of this Plan or, subject to the provisions of Section 102 as relevant, directly in the name of the grantee, immediately upon execution of the Agreement or on such other date or dates as the Company has undertaken towards such grantee. In the event that a grantee is exempt from the Vesting Periods (pursuant to the provisions of Section 7.4), the Board shall be entitled to determine that where the grantee does not comply with the conditions determined by the Board or ceases to be an employee, director or service provider of the Company or a Related Company, the Trustee, the Company or a Related Company shall have the right to repurchase the shares from the grantee for nominal or any other consideration paid by the grantee or as otherwise determined by the Board at the time of grant. The Board may set additional conditions to this right of repurchase, including the provision of appropriate arrangements for the monies which shall be available to the Trustee or a Related Company or others for the purpose of the repurchase and may set conditions with respect to the voting rights of the grantee, rights of first refusal or pre-emptive rights to purchase shares in the Company, to the extent such rights exist, the grantees right to receive reports or information from the Company, and the grantee's right to a dividend in respect of shares which are subject to a right of reacquisition as aforesaid. For as long as the aforegoing conditions of the Board (including a minimum period of employment or engagement as a condition for the lapse of the right to reacquisition) have not been complied with, the grantee shall not be entitled to sell or charge or transfer in any other manner the shares which are subject to the right of reacquisition. As security for the compliance with this undertaking, the share certificate will be deposited with the Trustee who will release the same to the grantee only after the grantee becomes entitled to the shares and the same are not subject to any other restrictive condition.

7.6. Termination of Engagement

7.6.1 If a grantee ceases to be an employee, director or service provider (or, if relevant, an employee of a service provider) of the Company or a Related Company, other than: (i) by reason of death, disability (as determined by the Board in its absolute discretion) or retirement as provided in Section 7.6.3 below; or (ii) for Cause (as defined below) (at which time the option shall terminate immediately upon the earlier of such cessation or notice of cessation); the option shall remain exercisable for a period of ninety (90) days following the earlier of such cessation or notice of cessation (but only to the extent exercisable at termination of employment, the director or service-provider relationship and not beyond

the scheduled expiration date) (unless the Agreement provides otherwise).

The term "**Cause**" shall mean, for the purposes hereof: (i) conviction of any felony involving moral turpitude or affecting the Company; (ii) embezzlement of funds of the Company or its affiliates; (iii) any breach of the grantee's fiduciary duties or material breach of duties of care of the Company, including without limitation disclosure of confidential information of the Company; or (iv) any conduct (other than conduct in good faith) reasonably determined by the Board of Directors to be materially detrimental to the Company.

7.6.2 Notwithstanding the above, in the event of termination of employment or the director or service-provider relationship by the Company or a Related Company within twelve (12) months after a Significant Event (as defined below) the option shall remain exercisable (but only to the extent exercisable at termination and not beyond the scheduled expiration date) for a period of three (3) months following the earlier of such termination or notice of termination (unless the Agreement provides otherwise).

Each of the following shall be a "**Significant Event**": a consolidation or merger of the Company with or into another corporation in which the Company is the ongoing or surviving corporation or in which, if the Company is not the ongoing or surviving corporation, the ongoing or surviving corporation (or, if such transaction is effected through a subsidiary, the parent of such ongoing or surviving corporation) assumes the option or substitutes it with an appropriate option in the surviving corporation (or in the parent as aforesaid).

7.6.3 If the employment or the director or service-provider relationship of a grantee is terminated by reason of death, disability (as determined by the Board in its absolute discretion) or retirement after age 60 with the approval of the Board, the option shall remain exercisable for a period of twelve (12) months following such termination (but only to the extent exercisable at termination of employment, the director or service-provider relationship and not beyond the scheduled expiration date).

7.6.4 The Board may determine whether any given leave of absence constitutes a termination of employment, the director or service-provider relationship. Options awarded under this Plan shall not be affected by any change of employment, the director or service-provider relationship so long as the grantee continues to be an employee, director or service-provider, as applicable, of the Company or a Related Company.

7.6.5 Notwithstanding the foregoing, the Board may at its absolute discretion, extend the period of exercise of the option by a grantee or grantees for such time as it shall determine either with or without conditions.

8. **ASSUMPTION OF AN OPTION; LIQUIDATION**

In the event of: (i) a sale of all or substantially all of the assets of the Company; or (ii) a consolidation or merger of the Company in

which the Company is not the ongoing or surviving corporation, then, and unless in each case: (i) the applicable Agreement provides otherwise; or (ii) the Board determines otherwise, the Company shall be entitled

to determine that all of the outstanding unexercised options held by or for the benefit of any grantee shall be assumed or substituted for an appropriate number of options of the successor company, provided that the aggregate amount of the exercise price for such options shall be equal to the aggregate amount of the exercise price of the Company's unexercised options held by each grantee at such time.

9. **TERM OF OPTIONS; EXERCISE**

9.1. The term of each option shall be for such period as the Board shall determine, but not more than 10 (ten) years from the Date of Grant thereof or such shorter period as is prescribed in Section 7.6 or 8.3 hereof or, with respect to Incentive Stock Options, as prescribed in Section 4 above.

9.2. A grantee who desires that the Trustee exercise an option granted to the Trustee on his or her behalf shall so instruct the Trustee in writing in the form annexed hereto as **Appendix A** or in such other form as shall be approved by the Board from time to time. The notice shall be accompanied by, or specify the arrangements for, payment of the full Option Exercise Price of such shares as provided in the Agreement. The Company may require, as a condition to the exercise of an option, that the grantee pay or otherwise make arrangements to the Company's satisfaction, for the payment of the tax and other obligatory payments applicable to him or her (including all sums payable arising out of or in connection with the Company's obligation to deduct tax and other obligatory payments at source) pursuant to applicable law and the provisions of the Plan. The Company may also require that the grantee provide or make such representations and agreements as to grantee's investment intent and such other matters as the Company may deem necessary, advisable or appropriate at such time. Upon receipt of all the requisite documents, approvals and payments from the grantee, including sufficient proof of payment or other arrangement with respect to the payment of any applicable taxes in form satisfactory to the Company and the Trustee, the Trustee shall deliver a notice to the Company in the form annexed hereto as **Appendix B** or in such other form as shall be approved by the Board from time to time, whereupon the Company shall allot the shares in the name of the Trustee.

9.3. A grantee who desires to exercise an option granted directly to him or her (and not through the Trustee) shall so notify the Company in writing in such form as shall be prescribed by the Board from time to time. As a condition for the exercise of the option, the grantee shall pay or otherwise make arrangements, to the Company's satisfaction, for the payment of the tax and other obligatory payments applicable to him or her (including all sums payable by the Company arising out of its obligation to deduct tax and other obligatory payments at source) pursuant to applicable law and the provisions of the Plan. Upon receipt of all the requisite documents, approvals and payments from the grantee, including sufficient proof of payment or other arrangement with respect to the payment of any applicable taxes in form satisfactory to the Company, the Company shall allot the shares in the name of the grantee.

9.4. Without limiting the foregoing, the Board may, with the consent of the grantee, from time to time cancel all or any portion of any option then subject to exercise, and the Company's obligation in respect of such option may be discharged by: (i) payment to the grantee or to the Trustee on behalf of the grantee of an amount in cash equal to the excess, if any, of the Fair Market Value (as defined below) of the relevant shares at the date of such cancellation subject to the portion of the option so canceled over the aggregate Option Exercise Price of such shares; (ii) the issuance

or transfer to the grantee or to the Trustee on behalf of the grantee of shares of the Company with a Fair Market Value at the date of such transfer equal to any such excess; or (iii) a combination of cash and shares with a combined value equal to any such excess, all as determined by the Board in its sole discretion.

For purposes hereof, the "**Fair Market Value**" of the Ordinary Shares shall mean, as of any date, the average reported sale price of the Ordinary Share during the last 30 trading days prior to that date, of the Ordinary Shares of the Company on the principal securities exchange on which such shares are then traded; provided, however, that if such shares are not publicly traded for 30 days prior to the date as of which Fair Market Value is to be determined, "Fair Market Value" of the Ordinary Shares shall mean the value as determined in good faith by the Board.

10. **ADDITIONAL DOCUMENTS**

10.1. The grantee shall provide, any certificate, declaration or other document which the Company or the Trustee shall consider to be necessary or desirable whether pursuant to any law, whether local or foreign, or otherwise, including any undertaking on the part of the grantee not to sell his or her shares during any period which shall be required by an underwriter or investment bank or advisor of the Company for the purpose of any share issue, whether private or public (including lock-up and/or market stand-off arrangements and undertakings), and including any certificate or agreement which the Company shall require, if any, from the grantees as members of a class of shareholders, or any certificate, declaration or other document the obtaining of which shall be deemed by the Board or the Trustee to be appropriate or necessary for the purpose of raising capital for the Company, of merging the Company with or into another company (whether the Company is the surviving entity or not), or of reorganization of the Company, including, in the event of a consolidation or merger of the Company or any sale, lease, exchange or other transfer of all or substantially all of the assets or shares of the Company, for the sale or exchange, as the case

may be, of any shares the grantee (or the Trustee on his or her behalf) may have purchased hereunder all as shall be deemed necessary or desirable by the Board or the Trustee.

As long as the shares and/or the options are registered in the Trustee's name, the same shall be authorized to sign the grantee's name and on his/her behalf on any of the aforesaid documentation. In the event that the options or shares have been transferred into the name of the grantee, and he/she has refused to confirm any document required by the Company as aforesaid by placing his/her signature thereon, the Trustee shall be entitled, at the request of the Company, to sign any document in the name of the grantee and on his/her behalf.

10.2. In order to guarantee the aforesaid, and because the rights of the Company and the other shareholders are dependent thereon, the grantee shall, upon signing the Agreement and as a condition to the grant of any options hereunder, execute the Proxy and Power of Attorney attached hereto as **Appendix C**, or in such other form as shall be approved by the Board from time to time (the "**Proxy and Power of Attorney**"), irrevocably empowering the Trustee and/or the Attorney, to sign any document and take any action in his or her name as aforesaid, and the grantee shall have no complaint or claim against the Trustee and/or the Attorney in respect of any such signature or action, or in respect of any determination of the Trustee pursuant hereto, including pursuant to Section 6.6 or 10.1 above. The grantee will authenticate his or her signature in the presence of a notary if he or she shall be

asked to do so by the Company, in order to give full validity to the Proxy and Power of Attorney.

11. TAXATION

11.1. General

The grantee shall be liable for all taxes, duties, fines and other payments which may be imposed by the tax authorities (whether in Israel or abroad) and for every obligatory payment of whatever source (including, but not limited to, social security, health tax, etc., as may be applicable) in respect of the options, the shares (including, without limitation, upon the grant of the options, the exercise of the options, the issuance of the shares, the sale of the shares or the registration of the shares in the grantee's name) or dividends or any other benefit in respect thereof and/or for all charges which shall accrue to the grantee, the Company, any Related Company and/or to the Trustee in connection with the Plan, the options and/or the shares, or any act or omission by the grantee or the Company in connection therewith or pursuant to any determination by the applicable tax or other authorities, including, without limitation, any such payments required to be made by the Company as the result of any sale by the grantee of shares which were designated as made through a trustee pursuant to Section 102 prior to the end of the Lock-Up Period. Notwithstanding the foregoing, if the Company elects the "employment income" route for options granted through a trustee pursuant to Section 102, the Company or the Related Company, as applicable, shall pay, at its expense, any social security payments payable by the employer with respect to options so granted to the extent required as a result of such choice.

11.2. Deduction at Source

The Company (including any Related Company) and/or the Trustee shall have the right to withhold or to require the grantee to pay an amount in cash or to retain or sell without notice Ordinary Shares in value sufficient to cover any tax or obligatory payment required by any governmental or administrative authority to be withheld or otherwise deducted and paid with respect to the options or the Ordinary Shares subject thereto (including, without limitation, upon their grant, exercise, issuance or sale or the registration of the Ordinary Shares in the grantee's name) or with respect to dividends or any other benefits in respect thereof ("**Withholding Tax**"), and to make payment (or to reimburse itself or himself for payment made) to the appropriate tax or other authority of an amount in cash equal to the amount of such Withholding Tax. Notwithstanding the foregoing, the grantee shall be entitled to satisfy the obligation to pay any Withholding Tax, in whole or in part, by providing the Company and/or the Trustee with funds sufficient to enable the Company and/or the Trustee to pay such Withholding Tax.

11.3. Certificate of Authorization of Assessing Officer

The Company (including any Related Company) or the Trustee shall at any time be entitled to apply to the Assessing Officer, and in the case of a grantee abroad, to any foreign tax authority, and to any other governmental or administrative authority for receipt of their certificate of authorization as to the amount of tax or other obligatory payments which the Company or any Related Company or the grantee or the Trustee is to pay to the tax or other authorities resulting from

granting the options or allotting the shares, or regarding any other question with respect to the application of the Plan.

11.4. Security for Payment of Taxes

Without derogating from the above, the Company (including any Related Company) and/or the Trustee shall have the right to require that any grantee provide guarantees or other security to the Company's satisfaction to guarantee the payment of any

taxes or other obligatory payments which may be payable as a result of or in connection with the grant of an option, the exercise thereof, the issuance, sale or transfer of any shares and/or the registration of any options or shares in the grantee's name (including any sum payable arising out of or in connection with the Company's obligations to deduct tax and other obligatory payments at source); and, with respect to options granted pursuant to Section 102 which were not designated as made through a trustee, if the grantee's employment with the Company or any Related Company is terminated for any reason, the grantee will be obligated to provide the Company with a guarantee or other security to its satisfaction and at its discretion, to cover any tax obligations which may arise thereafter in connection with the disposition of the shares.

12. **DIVIDENDS**

The Ordinary Shares issued as a result of the exercise of the options shall participate equally with the Company's other Ordinary Shares in every cash dividend which shall be declared and distributed subject to the following provisions:

12.1. A cash dividend shall be distributed only to persons registered in the register of members as shareholders on the record date fixed for the distribution of the dividend.

12.2. A dividend with regard to shares which are registered in the name of the Trustee shall be paid to the Trustee, subject to any lawful deduction of tax, whether such rate is at the usual rate applicable to a dividend or at a higher rate. The Trustee shall transfer the dividend to the grantees in accordance with instructions that he shall receive from the Company. Alternatively, the Company shall be entitled to pay the dividend directly to the grantee subject to the deduction of the applicable tax.

12.3. Without derogating from the provisions of Sections 11.2 and 12.2 hereof, the Company or the Trustee shall be entitled to set off and deduct at source from any dividend any sum that the grantee owes to the Company (including any Related Company) or the Trustee, whether under the Plan or otherwise, and/or any sum that the grantee owes to the tax or other authorities.

Notwithstanding the above, if at any time following the grant of options to the grantee, or to the Trustee on behalf of the grantee, the Company shall distribute a cash dividend to its shareholders, then upon record date fixed for the purpose of such distribution, the Option Exercise Price of each unexercised or unvested option at such time shall be reduced by an amount equal to the total cash dividend amount paid for each Company's share (i.e., prior to any Withholding Tax required for such distribution).

13. **RIGHTS AND/OR BENEFITS ARISING OUT OF THE EMPLOYEE/ EMPLOYER RELATIONSHIP AND THE ABSENCE OF AN OBLIGATION TO EMPLOY**

13.1. No income or gain which shall be credited to or which purports to be credited to the grantee as a result of the Plan, shall in any manner be taken into account in the calculation of the basis of the grantee's entitlements from the Company or any Related Company or in the calculation of any social welfare right or other rights or benefits arising out of the employee/employer relationship. If, pursuant to any law, the Company or any Related Company, shall be obliged for the purposes of calculation of the said items to take into account income or gain actually or theoretically credited to the grantee, the grantee shall indemnify the Company or any Related Company, against any expense caused to it in this regard.

13.2. Nothing in the Plan shall be interpreted as binding the Company or any Related Company to employ the grantee and nothing in the Plan or any option granted pursuant thereto shall confer upon any grantee any right to continue in the employment or the director or service-provider relationship of the Company or any Related Company or restrict the right of the Company or any Related Company to terminate such employment or the director or service-provider relationship at any time. The grantee shall have no claim whatsoever against the Company or any Related Company as a result of the termination of his or her employment or the director or service-provider relationship, including, without limitation, any claim that such termination causes any options to expire and/or prevents the grantee from exercising the options and/or from receiving or retaining any shares pursuant to any agreement between him or her and the Company, or results in any loss due to an imposition, or earlier than anticipated imposition, of tax or other liability pursuant to applicable law.

14. **ADJUSTMENTS UPON CHANGES IN CAPITALIZATION**

Notwithstanding any other provisions of the Plan, the Board shall take such actions, if any, as it deems appropriate for the adjustment of the number and class of shares subject to each unexercised or unvested option, and in the option prices in the case of, changes in the outstanding share capital of the Company by reason of any share dividend (bonus shares), stocksplit, recapitalization, combination, exchange of shares, merger, consolidation, liquidation, split-up, split-off, spin-off or other similar occurrences or changes in capitalization. In the event of any such event, the Board may make any adjustments it deems appropriate, including in the aggregate number and class of shares available under the Plan, and the Board's determination in this regard shall be conclusive.

Provided however, that in the event that following the grant of options to the grantee, or to the Trustee on behalf of the grantee, the Company shall offer securities to its shareholders by way of a rights offering, then upon the record date of such offering, the Option Exercise Price of each unexercised or unvested option shall be reduced by an amount equal to the difference between the price per share applicable on the distribution date and the actual price of securities issued under the rights offering prospectus.

15. **TERM, TERMINATION AND AMENDMENT**

Unless the Plan shall theretofore have been terminated as hereinafter provided, the Plan shall terminate on, and no option shall be granted after, the tenth anniversary of the date the Plan is adopted by the Board. The Board may at any time terminate, modify or

amend the Plan in such respects as it shall deem advisable. Options granted prior to

termination of the Plan may, subject to the terms of the Plan and any Agreement, be exercised thereafter. Without the consent of the grantee to whom any option shall theretofore begranted, any amendment or modification of the Plan may not adversely affect the rights of such grantee under such option.

16. **EFFECTIVENESS OF THE PLAN; APPROVALS**

The Plan shall become effective as of the date determined by the Board. Notwithstanding the foregoing and Sections 3 and 15 above, in the event that approval of the Plan or any modification or amendment thereto by the shareholders of the Company is required under applicable law or pursuant to applicable stock exchange rules or regulations, such approval shall, to the extent possible, be obtained within the time required under the applicable law, rule or regulation. If such shareholder approval is required in connection with the application of specified tax treatments, the Company shall make reasonable efforts to obtain such approval within the required time.

17. **RELEASE OF THE TRUSTEE AND THE ATTORNEY FROM LIABILITY**

In no event shall the Trustee or the Attorney be liable to any grantee under the Plan, or to a purchaser of shares from any grantee with respect to any act which has been or will be carried out in relation to the Plan, its execution and any matter connected thereto or arising therefrom. The grantee will be required to covenant, upon signing the Agreement that he or she will not make any claim against the Trustee or the Attorney in any manner whatsoever and on any ground whatsoever and that he or she will expressly agree that if the Trustee or the Attorney are sued by them, then the Trustee or the Attorney shall be entitled by virtue of this Section alone to apply to the court for dismissal of the action against them with costs.

18. **GOVERNING LAW**

The Plan and all instruments issued thereunder, shall be governed by and construed in accordance with the laws of the State of Israel, subject to the provisions of the Code with respect to Incentive Stock Options and, in the event of any ambiguity or conflict, the provisions hereof shall be so construed and applied as to give effect to the intention that any Incentive Stock Option granted will qualify as such under Section 422 of the Code.

COLLPLANT HOLDINGS LTD.

Appendix A

to CollPlant Holdings Ltd.'s Share Ownership and Option Plan (2010)

(Section 9.2)

NOTICE OF EXERCISE

Date:_____

The Trustee under the CollPlant Holdings Ltd.
Share Ownership and Option Plan (the "**Plan**")

Dear Sirs,

Re: **Notice of Exercise**

I hereby wish to inform you that it is my desire that of the Option which was granted to you on to acquire ( ) Ordinary Shares of CollPlant Holdings Ltd. (the "**Company**") on my behalf, you exercise and acquire on my behalf ( ) of the Ordinary Shares subject to the said Option at a price of NIS per share, all in accordance with the Plan.

Attached to this Notice is a check in the amount of NIS (NIS) as payment for the abovementioned shares.

I am aware that all the shares shall be allotted to you, registered in your name and that you shall hold all the share certificates representing such shares.

Likewise, I am aware of and agree to all the other provisions of the Plan and applicable law.

Yours sincerely,

_____

Employee's name

COLLPLANT HOLDINGS LTD.

Appendix B

to CollPlant Holdings Ltd.'s Share Ownership and Option Plan (2010)

(Section 9.2)

NOTICE OF EXERCISE

Date:_____

CollPlant Holdings Ltd.

Dear Sirs,

Re: **Notice of Exercise**

Please be advised that I hereby exercise ( ) of the Ordinary Shares subject to the Option which was granted to me on behalf of on to acquire ( ) Ordinary Shares of CollPlant Holdings Ltd., at a price of NIS per share, all in accordance with the Plan.

Attached to this Notice is a check in the amount of NIS (NIS) as payment for the abovementioned shares.

Yours sincerely,

_____

The Trustee

COLLPLANT HOLDINGS LTD.

Appendix C

to CollPlant Holdings Ltd.'s Share Ownership and Option Plan (2010)

(Section 10.2)

IRREVOCABLE PROXY AND POWER OF ATTORNEY

I, the undersigned, , hereby appoint and/or or whomever shall replace him as trustee pursuant to CollPlant Holdings Ltd.'s Share Ownership and Option Plan (2010) (the "**Trustee**" and the "**Plan**", respectively) or whomever the Trustee shall designate (the Trustee and/or such designee shall be referred to hereafter as the "**Attorney**") as my proxy to participate and vote (or abstain) for me and on my behalf as the Attorney at his sole discretion shall deem appropriate, on all matters and at all meetings of shareholders (whether ordinary, extraordinary or otherwise), of CollPlant Holdings Ltd. (the "**Company**"), on behalf of all the shares and/or options of the Company held by the Trustee on my behalf and hereby authorize and grant a power of attorney to the Attorney as follows:

I hereby authorize and grant power of attorney to the Attorney for as long as any shares and/or options which were allotted or granted on my behalf are held by the Trustee or registered in his name, or for as long as the certificates representing any shares are held by the Trustee, to exercise every right, power and authority with respect to the shares and/or options and to sign in my name and on my behalf any document (including any agreement, including a merger agreement of the Company or an agreement for the purchase or sale of assets or shares (including the shares of the Company held on my behalf) and any and all documentation accompanying any such agreements, such as, but not limited to, resolutions, decisions, requests, instruments, receipts and the like), and any affidavit or approval with respect to the shares and/or options or to the rights which they represent in the Company in as much as the Attorney shall deem it necessary or desirable to do so. In addition and without derogating from the generality of the foregoing, I hereby authorize and grant power of attorney to the Attorney to sign any document as aforesaid and any affidavit or approval (such as any waiver of rights of first refusal to acquire shares which are offered for sale by other shareholders of the Company and/or any waiver of any preemptive rights to acquire any shares being allotted by the Company, in as much as such rights shall exist pursuant to the Company's Articles of Association as shall be in existence from time to time) and/or to make and execute any undertaking in my name and on my behalf if the Attorney shall, at his sole discretion, deem that the document, affidavit or approval is necessary or desirable for purposes of any placement of securities of the Company, whether private or public (including lock-up and/or market stand-off arrangements and undertakings), whether in Israel or abroad, for purposes of a merger of the Company with or into another entity, whether the Company is the surviving entity or not, for

purposes of any reorganization or recapitalization of the Company or for purposes of any purchase or sale of assets or shares of the Company.

This Proxy and Power of Attorney shall be interpreted in the widest possible sense, in reliance upon the Plan and upon the goals and intentions thereof.

This Proxy and Power of Attorney shall be irrevocable until such time as the rights of the Company and the Company's shareholders are dependent hereon. The revocation of this Proxy and Power of Attorney shall in no manner effect the validity of any document (as aforesaid), affidavit or approval which has been signed or given as aforesaid prior to the revocation hereof and in accordance herewith.

This Proxy and Power of Attorney shall also apply to all shares and/or options in other entities issued or granted to or on behalf of the undersigned and held by the Trustee in consideration or in exchange for, or by virtue of, any shares and/or options of the Company in connection with any consolidation, merger, spin-off or like transaction with respect to the Company, and the term "Company" when used herein shall include any other such entity.

IN WITNESS WHEREOF, I have executed this Proxy and Power of Attorney on the day of , .

Name:
I.D. Number:

CONFIRMATION

I, the undersigned, , hereby confirm the signature of which appears above.

Exhibit 10.4

[Translation from Hebrew]

Science Park — Kiryat Weizmann

- Lease Agreement -

Africa Israel Properties Ltd.

A Member of the Africa Israel Investments Group Ltd.

Unprotected Lease Agreement

Drafted and signed in Kiryat Weizmann on June 19, 2008

Between:

Africa Israel Properties Ltd.
Of 4 Derech HaHoresh Rd., Yehud
(Hereinafter: the "**Lessor**")

Of the first part;

And:

Collplant Ltd.
Reg. Co. No. 513578260
Of 2 Pakaris St., Rehovot, P.O. Box 2310
(Hereinafter: the "**Lessee**")

Of the second part;

Whereas: The Lessor holds the rights to the Leased Property, as defined below, according to which it is entitled to lease the Leased Property to the Lessee; and

Whereas: The Lessee wishes to lease the Leased Property from the Lessor, and the Lessor agrees to the foregoing, subject to the provisions of this Agreement;

[Signatures] [Official Stamp of Africa Israel Properties Ltd.]
[Signatures] [Official Stamp of Collplant Ltd., Reg. Co. No. 513578260]

Now therefore, the parties have declared and warranted between them as follows:

1. The preamble presented above constitutes an inseparable part of this Agreement.

2. **Interpretation**

2.1. The terms specified below will be interpreted according to the definitions provided alongside them:

"**Park**"	The plot of land in Ness Tziona known as Kiryat Weizmann — Science Park.
"**Building**"	The building located in the Park which includes / will include the Leased Property, as specified in the Addendum, and as marked in red in Annex "**B**".
"**Leased Property**"	A part of the Building, including all of its fixed facilities, which is marked in green in the Addendum, and as specified in Annex "**C**", and the area of which may be expanded or reduced with the parties' consent.
"**Institute**"	The Weizmann Institute of Science.
"**Addendum**"	The addendum to this Agreement.

"**Control**" The holding of at least 51% of the shares and rights, of any type whatsoever, of a corporation, including the right to appoint at least 51% of the managers, and the right to appoint the CEO.

2.2. It is hereby agreed between the parties that any modification of this Agreement by the parties, with reference to the description of the Leased Property, the Lease Period, the Rent, and the Rent payment method, or regarding any other matter, will only enter into effect if it has been prepared in writing and signed by both parties to this Agreement.

2.3. The sections headings in this Agreement constitute an inseparable part hereof, and may not used to interpret the Agreement.

2.4. The annexes to this Agreement constitute an inseparable part hereof.

2.5. The provisions of this Agreement exclusively exhaust the entire agreement between the parties, and any negotiations which preceded the signing hereof, or which existed concurrently with the signing hereof, as well as any declarations, representations, undertakings or understandings which preceded, or which constituted a condition for, the signing of this Agreement, are hereby rendered null and void. Any verbal declarations and notices given by the managers, officials and employees of the Lessor will not be binding towards the Lessor, and the Lessor will be obligated only by the document which has been duly signed by its authorized signatories.

2.6. In the event that the Lessee includes several individuals, they will be bound, jointly and severally, by all of the Lessee's undertakings under this Agreement, and by all documents and notices which have been signed by the Lessee, and which have been prepared by virtue of its provisions.

3. The Transfer

The Leased Property will be transferred to the Lessee on the date specified in the Addendum (hereinafter: the "**Transfer Date**"), in its current condition ("as is"), and the Lease Period will commence from the foregoing date, regardless of whether or not the Lessee has appeared to receive possession of the Leased Property on the Transfer Date. It is hereby clarified that that the electrical connection to the Leased Property, which will be provided by the Lessor, will be up to 0.25 ampere per gross square meter of the area of the Leased Property, and no more. It is hereby clarified that that any cost which may be involved with the electrical connection, in an amount exceeding the foregoing, will apply in full to the Lessee, and the Lessee will pay the aforementioned amount to the Lessor and/or the competent authority, immediately upon the first demand by the Lessor and/or the competent authority, as applicable.

For the avoidance of doubt, it is hereby declared and agreed that any non-appearance by the Lessee on the Transfer Date for the purpose of accepting the Leased Property into its possession will nor derogate from any of the Lessee's undertakings in accordance with this Agreement.

4. The Lease and the Lease Period

4.1. The Lessor hereby leases the Leased Property to the Lessee, and the Lessee hereby leases the Leased Property from the Lessor, for the period specified in the Addendum (hereinafter: the "**Lease Period**"), beginning from the Transfer Date. The Lessee will have the option to extend the Lease Period in the event that the foregoing option has been specified in the Addendum.

4.2. The Lessee will not be entitled to terminate the Lease before the end of the Lease Period. Any cessation of the use of the Leased Property and/or any vacation of the Leased Property by the Lessee before the end of the Lease Period will not release the Lessee from its undertakings under this Agreement, including, but without derogating from the generality of the foregoing, the Lessee's undertaking to pay the Rent to the Lessor.

4.3. The Lease in accordance with this Agreement constitutes a "net lease", and the Lessee will be obligated to pay all payments with respect to the Leased Property during the Lease Period, whether these apply to owners or to occupants, and whether these apply on the signing date of this Agreement, or will apply in the future.

4.4. The provisions of this section constitute a fundamental provision of this Agreement, and any breach thereof will constitute a fundamental breach of the Agreement.

5. Familiarity with the Leased Property

The Lessee hereby declares that it has visited the Park, the Building and the Leased Property, and has seen and examined them and their surrounding areas, and is familiar with and aware of all of the plans and details pertaining thereto, which could affect its engagement in this Agreement, and

has found all of the foregoing suitable, in all respects, for its purposes, and subject to the transfer of the Leased Property into its possession in accordance with the provisions of this Agreement, and hereby waives any claim of unsuitability, and any other claim pertaining to the Park, the Building, the Leased Property, the possibilities of use thereof, and its engagement in this Agreement.

For the avoidance of doubt, the Lessee hereby declares that it accepts the Leased Property in its current condition ("as is"), without any correction and/or modification whatsoever, and affirms that the Leased Property, in its current condition, is indeed suitable for its purposes, in all respects, and that it will not demand, and will not be entitled to receive, from the Lessor, any correction and/or modification in the Leased Property.

6. **Lease Purpose**

The Lessee undertakes not to use the Leased Property for any purpose whatsoever, in any manner whatsoever, other than for the Lease Purpose, as specified in the Addendum.

The provisions of this section constitute a fundamental provision of this Agreement, and any breach thereof will constitute a fundamental breach of this Agreement.

7. **Rent**

7.1. The Lessee undertakes to pay the Rent to the Lessor in accordance with the installments, dates and manner specified below:

7.1.1. The Basic Rent during the Lease Period will be linked to the Index, and will be paid by the Lessee to the Lessor in advances, on the dates specified in the Addendum.

7.1.2. The payments of Basic Rent will be linked to the Index in accordance with the following provisions:

"**Index**" - The index known as the consumer price index (including fruits and vegetables), as published by the Central Bureau of **Statistics** and Economic Research, and any similar index, if published by any other official institute or entity.

Additionally, any other official index which will replace the foregoing, regardless of whether or not if it is based on the same principles.

In the event that another index enters into effect, and the aforementioned Bureau, entity or institution have not established the ratio between it and the index replaced by the Chairman of the Management Committee of Bank Leumi Le-Israel Ltd., or any person who may actually fulfill such role, at any time, upon the Lessor's demand.

"Base Index" - As specified in the Addendum.

"**New Index**" - Interpretation regarding each payment of Rent — the known index on the date specified for execution of that payment, or on the date of its actual execution, whichever is higher.

If, on the date of actual payment of any one of the payments of Basic Rent, the New Index is higher than the Base Index, the payment in question will be increased according to a ratio which corresponds to the rate of increase of the New Index relative to the Base Index. If, on the actual payment date of any one of the rent payments, the New Index will be equal to or lower than the Base Index, the payment in question will remain unchanged.

7.1.3. The Rent and the Service Fees (as defined below), with respect to the first 3 months of the Lease, with the addition of VAT for the foregoing, will be paid to the Lessor at the time of the signing of this Agreement.

7.2. To facilitate the collection of Rent and the linkage differentials with respect thereto, as well as any other amount which may be owed by the Lessee to the Lessor, the Lessee undertakes to transfer to the Lessor, on the date specified by the Lessor, and in any case, within 7 days after the signing date of this Agreement, or 7 days before the Transfer Date, whichever is earlier, permission to charge its account, in the wording conventionally practiced by Bank Leumi Le-Israel Ltd. It is hereby declared, for the avoidance of doubt, that the acceptance of permission, and any use thereof by the Lessor, will not be considered repayment, and payment will only be considered as the full and timely execution of all payments.

7.3. In the event that two consecutive and contiguous payments of Rent, and/or any other payment which is owed by the Lessee to the Lessor, have not been paid by the required date for the aforementioned payments, including by 7 days after the provision of written notice regarding the foregoing from the Lessor to the Lessee, all of the Lessee's other payments will be required for immediate payment, and the Lessee will be required to pay the total amount of Rent, with respect to the entire Lease Period, which have not yet been paid by the foregoing date, by the end of two business days after the Lessor's first demand, without derogating from the Lessor's right to consider any failure to pay on time a breach of this Agreement and of its rights hereunder. It is hereby declared, for the avoidance of doubt, that the collection of Rent in the foregoing case will not be considered as any waiver or consent on the part of the Lessor for the Lessee's breach of the Agreement.

7.4. Notwithstanding the foregoing, the Rent will be increased at the start of each year, beginning from the second year of the Lease Period, according to the rate specified in the Addendum, and the increased Rent will be subject to the provisions of section 7.1 above, *mutatis mutandis*.

7.5. For the avoidance of doubt, the undertaking to pay the Rent and all other payments which the Lessee is required to pay to the

Lessor applies absolutely to the Lessee, and any failure to submit a bill for rent by the Lessor will not derogate from or reduce the Lessee's aforementioned undertaking.

7.6. The Lessor will charge any amount that has been received from the Lessee, in its exclusive discretion, on account of amounts which the Lessee will owe to the Lessor at that time.

7.7. The provisions of this section constitute a fundamental provision of this Agreement, and any breach thereof, or of any part thereof, will constitute a fundamental breach of this Agreement.

8. **Taxes, Fees and Other Payments**

8.1. In addition to the Rent, and without derogating from the generality of the provisions of section 4.3 above, the Lessee undertakes to pay, during the Lease Period, the following payments (hereinafter: the "**Lessee's Payments**"):

8.1.1. All taxes, fees, municipal taxes, levies, mandatory payments and expenses (hereinafter, jointly: the "**Taxes**"), whether national or municipal, which are required for payment and/or which may be required for payment in the future, regardless of whether they currently exist or will be imposed in the future, with respect to the Leased Property, and with respect to the business conducted therein, regardless of whether such Taxes apply by law to owners, lessees or occupants, and regardless of whether they apply to owners.

The taxes which apply to a lessee or occupant will be paid by the Lessee directly to the competent authorities, while the Taxes which apply to the owner will be paid by the Lessee to the Lessor upon the presentation of a document requiring the payment of such Taxes to the component authority.

8.1.2. Fees and payments with respect to the electricity meter and the water meter.

8.1.3. Value added tax with respect to the Rent, and with respect to any other payment which applies to the Lessee under this Agreement, which will be paid together with any payment to which it applies.

8.1.4. Stamp tax as applicable to this Agreement, and all documents and notices given in accordance therewith, and with respect thereto.

8.1.5. All fees and payments which pertain to the consumption of water and electricity in the Leased Property, and to the use of telephones, if installed, during the Lease Period.

8.1.6. Any expense which may be caused due to unreasonable and/or non-standard use of the Leased Property and its surrounding area, including, but without derogating from the generality of the foregoing, with respect to the removal of waste which has been caused by the Lessee, repair of the sewage system, etc.

8.1.7. The expenses for the insurance by which the Lessor will insure the Leased Property (separately, or as part of the insurance of the entire Building) with respect to the risks deemed appropriate in the Lessor's discretion, and according to the insurance amount and any other conditions determined by the Lessor from time to time.

In the event that any of the aforementioned payments are due to charges which apply to the Building in its entirety, the Lessee will pay a proportional part of the payments which apply to the Building, according to the ratio between the gross area of the Leased Property and the gross area of the Building.

8.1.8. Additional charges which apply by law and/or if specified in the Addendum.

8.2. In the event that the Lessee has not executed any of the Lessee's payments immediately upon demand by the competent authority or upon the Lessor's demand, without derogating from its aforementioned obligation, the Lessor will be entitled, following the provision of notice to the Lessee two business days in advance, to pay the aforementioned bills at the Lessor's expense, and the Lessee will be obligated to repay to the Lessor the entire amount which has been paid by it to cover any of the Lessee's aforementioned payments, within 7 days after the Lessor's first demand.

8.3. The provisions of this section constitute a fundamental provision of this Agreement, and any breach of any part thereof will constitute a fundamental breach of the Agreement.

9. **Non-application of the Tenant Protection Law**

9.1. The Lessee hereby declares and agrees that the construction of the Leased Property was completed after August 20, 1968, and that the Leased Property and the Lease therein will not be subject to the provisions of the Tenant Protection Law (Combined Version), 5732-1972, or any law which may come in its place. The Lessee further declares that apart from the Rent specified in the Addendum and its undertakings to pay the Rent payments, as specified in section 9 above, the Lessee has

not paid, and is not paying, to the Lessor, any amount whatsoever with respect to the Lease and the use of the Leased Property, whether as key money, or in any other manner whatsoever, and that it will not be entitled to receive key money or any other payment whatsoever upon the Lessee's vacation of the Leased Property.

10. **Repairs, Maintenance and Services**

10.1.

10.1.1. The Lessor undertakes to provide, for the common property in the Building, cleaning and maintenance services according to a scope and level which will be determined by it, provided that they will maintain the common property in functional and reasonable condition. In exchange for these services, the Lessor will be entitled to charge from the Building's occupants, including the Lessee, Service Fees which will be equal to the total expenses and costs spent by the Lessor for the provisions of the aforementioned services, with the addition of 15% (hereinafter: the "**Building Service Fees**").

The Service Fees which the Lessee will be required to pay to the Lessor will be an amount whose proportion to the Service Fees t the Building will be equal to the proportion between the gross area of the Leased Property and the gross area held by lessees in the Leased Property, save for the Lessor, so long as it does not make any real use of the area under its possession, or according to any other proportion which will be determined by the Lessor, in consideration of the Lease Purpose.

The maintenance department on behalf of the Lessor will provide gardening, Parking Lot maintenance, elevator maintenance, machine maintenance and routine maintenance services during conventional work days in the Park, Sundays to Thursdays, from 7:00 AM to 5:00 PM.

10.1.2. Additional Service Fees for buildings with central cooling systems

In buildings where an air conditioning system is installed which is based on central cooling tower, the Lessee will pay, in addition to the Service Fees specified above, the amount out of the operating, maintenance and service costs of the central air conditioning system in the Building, which will be equal to the Leased Property's proportional share out of the total area of the Building.

10.2. Save for the provisions of this section, the Lessor will not be bound by any liability or warranty for any repairs and/or maintenance and/or examination and/or any services whatsoever (hereinafter: "**Services**"), in the Leased Property and/or in the Building, and additionally, the Lessor will not be bound by any liability or warranty, whether under this Agreement or by law, for any damage and/or malfunction and/or defect, of any kind whatsoever, in the Leased Property or in the equipment located in the Leased Property, including air conditioning equipment; however, save for the manufacturer's warranty period, whether the foregoing is due to defective work, defective or unsuitable materials, or due to non-correspondence with the specification or otherwise, and whether the foregoing were discovered, or could have been discovered, and whether during or after the Lease Period, and regarding all of the above — whether they were caused by works in the Leased Property which were performed upon the Lessor's initiative, or upon the Lessee's initiative and/or plan and/or request.

10.3. In the event that the Lessor has decided, in its judgment, and/or is required by the Institute and/or by any other competent authority whatsoever, whether municipal, national or otherwise, to perform maintenance and examination services, of any kind whatsoever, in any public area, and/or in any open private area located in the Park and/or in any structures and/or buildings which are designated for the user or service of the Park's residents, or any part thereof, the Lessee will be required to pay to the Lessor the Service Fees specified below.

The service fees which will be paid by all occupants of the buildings located in the Park will be equal to the total sum of all expenses and costs spent by the Lessor in the provision of the aforementioned maintenance services, with the addition of 15% (hereinafter: the "**Total Service Fees**"). The Service Fees which the Lessee will be required to pay to the Lessor will be an amount whose proportion relative to the Total Service Fees will be equal to the proportion between the gross area of the Leased Property and the total gross constructed area of all buildings (including all floors) in the Park, which are actually in the possession of lessees or owners, save for the Lessor, so long as it does not make actual use of any area which is in its possession.

Notwithstanding the foregoing, the Lessor will be entitled to require the Lessee to pay additional or greater Service Fees than those which it owes according to the aforementioned calculation, in the event that the services which will be required due to the use of the Leased

Property by the Lessee will involve work or expenses which are greater than ordinary regarding other lessees in the Park, or in the event that the services provided to the Leased Property allow greater use thereof, relative to other lessees in the Park. The foregoing will apply, *mutatis mutandis*, also in the event that the Lessor has decided to provide maintenance and examination services for the Building. The foregoing will not impose on the Lessor any obligation to perform services in any of the Park's

areas, or in connection therewith.

10.4. In the event that the Lessor is required, or the Lessor has decided, to perform the maintenance and/or examination services specified in section 10.3 above, the Lessor will be entitled to perform the foregoing through any other entity which will be in its discretion, and will be entitled to require the Lessee, at any time, to engage in a services agreement with the aforementioned entity, in a wording which will be determined by the Lessor, provided that the maintenance and/or examination fee which the Lessor will be required to pay will be determined in accordance with the principle specified in section 10.3 above.

10.5. It is hereby agreed that the cost of any repair which will be performed by the Lessort as part of the services given by it as part of this section, and which is covered under insurance in whose payment the Lessee has participated, will not be included in the expenses for the purpose of the calculation of the Service Fees.

11. **Use of the Leased Property**

11.1. The Lessee will be required to obtain from the competent authorities all licenses which are required to manage the business in the Leased Property, within the framework of the Lease Purpose, and undertakes to manage the business only in accordance with the aforementioned licenses, legal requirements and requirements issued by any competent authority.

The Lessee hereby declares that it knows and has verified that it is possible to obtain the licenses specified in this section, and that the Lessor will bear no liability whatsoever in the event that the Lessee is unable to obtain them.

Without derogating from the provisions of this subsection, it is hereby clarified that the Lessee undertakes, as a condition for the transfer of the possession of the Leased Property, to obtain from the fire department in the Rehovot district a fire extinguishing certificate with respect to the Leased Property, and for this purpose, to furnish to the fire department any authorization which may be required, to install any facility and/or system which may be required, all at the Lessee's own expense and under the Lessee's responsibility.

11.2. The Lessee will not keep any materials, tools, equipment, products, inventory, or any other Chattels whatsoever (hereinafter, jointly: "**Chattels**") outside of the Leased Property, without the Lessor's consent. In the event that any of the Lessee's Chattels are located outside of the Leased Property, without having obtained the Lessor's consent to the foregoing, the Lessor will be entitled to remove them from the location, at the Lessee's expense, and will not bear any liability whatsoever for their condition.

11.3. The Lessee will comply with all laws, regulations and bylaws which apply to the Leased Property, the use thereof, and the business, the work and the actions performed therein.

11.4. The Leased Property, or any part thereof, may not be used in a manner which causes noise, odors, shocks, pollution, smoke, dust or any other nuisance which exceeds a reasonable degree, in consideration of the nature of the Park in general, and the nature of the Leased Property's close surrounding area in particular.

11.5. The Lessee will not dispose into the sewage system any waste which in terms of its quantity or quality may harm the aforementioned system, or affect its proper functioning, or which may risk the ordinary use of water sources, rivers, lakes, the sea, or any other source.

For the purpose of this section — "**sewage system**" shall mean central sewage or absorption pits, as well as tunneling and drainage systems and water purification systems, if any.

The Lessee is required to ensure that no solid materials are present in the sewage which may harm the pipes or tunnels, and harm or clog the sewage pipes, inspection cells, measurement instrument or purification facilities.

11.6. The Lessee undertakes not to hang, not to install and not to draw any signs, marking or advertisements of any form whatsoever in any part of the Building in which the Leased Property is located, without the Lessor's advance consent. The Lessee will be entitled to receive, at its own expense, a sign at the entrance to the Park, in the Building and on the floor where the Leased Property is located, according to the conventional framework used in the Park.

11.7. All areas outside of the Leased Property may not be used other than for the purpose of accessing the Leased Property according to the way and manner determined by the Lessor from time to time.

11.8. The Lessee undertakes not to use the Leased Property and any materials and devices maintained therein, and not to perform any actions with respect thereto which involve risks which exceed the insured risks, as specified in this Agreement, unless the Lessor has given its advance written consent for the foregoing. In the event that such consent has been given, the Lessee undertakes to maintain insurance to the Lessor's satisfaction, against any physical injury and damage to property which may be caused due to such risks, without derogating from the Lessor's right to prepare the aforementioned additional insurance independently, in which case the Lessee will be obligated to repay to the Lessor, immediately upon its demand, any amount which the Lessor has spent in connection therewith.

11.9. The Lessee will use the Leased Property and its surrounding area in a manner which will not cause any disturbance to the other occupants of the Building, or to their welfare or use of their leased properties, while maintaining the intactness and cleanliness of the common property in the Building and its facilities.

11.10. Without derogating from the provisions stated above in this section, the Lessee undertakes not to make any use of the Leased Property which causes any noise and/or nuisance and/or pollution and/or ensuing result which is in breach of the provisions of any law, and without

derogating from the generality of the foregoing, will not make any use of the Leased Property which involves and/or which creates, whether directly or indirectly, any chemical compounds and/or smoke and/or gas and/or malodors and/or other active substances which cause harm and/or which may cause harm to the environment, in any manner whatsoever.

It is hereby especially emphasized that in any case, the Lessee must absolutely refrain from performing actions involving cooking and/or frying in the Leased Property, and that insofar as the Lessee will be permitted to operate a lunch room, kitchenette, or any similar space in the Leased Property, the foregoing will only constitute permission to warm prepared food in the Leased Property only, under the conditions as instructed by the Lessor, including regarding the installation of ventilators, etc.

11.11. The provisions of this section constitute a fundamental provision of the Agreement, and any breach thereof, or of any part thereof, will constitute a fundamental breach of the Agreement.

12. **Prohibition of Modifications**

12.1. The Lessee undertakes not to perform or implement any modifications, corrections, upgrades, additions, or any construction works whatsoever, in any manner whatsoever, in the Leased Property (all of the foregoing shall jointly be referred to hereinafter as: the "**Work**s") without first obtaining the Lessor's written consent. It is particularly emphasized that no railings or air conditioners may be installed in the Leased Property without the Lessor's advance written consent, and then only in the manner and form as instructed by the Lessor.

In the event that works have been performed without the Lessor's consent, then without derogating from the Lessor's right to view the above as breach of this Agreement, the Lessor will be entitled to perform the following actions:

12.1.1. To demand that the Lessor destroy and/or dismantle and/or remove the Works from the Leased Property, in which case the Lessee will be required to perform all repairs which will be required in the Leased Property due to the foregoing, in order to restore the Leased Property to its condition prior to the performance of the Works, and to conclude performance of all of the foregoing within 14 days after the Lessor's demand. In the event that the Lessee has not done so, the Lessor will be entitled to do so at the Lessee's expense, or:

12.1.2. To leave the Works as its property, in which the Lessee agrees that the Works will be the exclusive property of the Lessor, and the Lessee will have no entitlement whatsoever with respect to the aforementioned Works.

12.2. In the event that Works have been performed with the Lessor's consent, then upon vacation of the Leased Property by the Lessee, the Lessee will have the following choice:

12.2.1. To destroy and/or dismantle and/or remove the Works from the Leased Property, in which case, the Lessee will be required to perform all repairs in the Leased Property which will be required as a result thereof, in order to restore the part of the Leased Property where the Works were performed to its condition prior to the

performance of the Works, and to conclude the performance of all the foregoing no later than the end of the Lease Period under this Agreement. In the event that the Lessee has not done so, the Lessor will be entitled to do so at the Lessee's expense; or:

12.2.2. To keep the Works in the Leased Property, in which case they will become the Leased Property of the Lessor, and the Lessee will have no entitlement whatsoever with respect to the foregoing.

12.3. The provisions of this section constitute a fundamental provision of the Agreement, and any breach thereof, or of any part thereof, will constitute a fundamental breach of the Agreement.

13. **Furniture and Equipment**

The Lessee is entitled to furnish the Leased Property, and to install equipment therein, provided that the installation of any furniture and equipment whatsoever will not harm the Leased Property. The equipment which the Lessee will be entitled to install and operate in the Leased Property will be subject to section 12 above.

14. **Maintenance of the Leased Property**

14.1. The Lessee undertakes to use the Leased Property in a cautious and reasonable manner, and to maintain its cleanliness and the

cleanliness of its surrounding area, and to prevent any malfunction and any damage to the Leased Property, including all facilities which serve the Leased Property, whether independently or jointly with other leased properties.

14.2. The Lessee will be obligated to immediately repair any damage and/or malfunction which may be caused to the Leased Property and to the facilities, as stated in section 14.1 above, and to replace them immediately with another, of the same type as the facility installed in the Leased Property which was lost or damaged.

14.3. In the event that the Lessee has not performed any repair which it is required to perform, as stated above, or has not replaced it any unit which it is required to replace, as stated above, the Lessor will be entitled, but not obligated, to do so, at the Lessee's expense, and in any case, the Lessee will be required to fully compensate the Lessor with respect to any damage, malfunction, loss or destruction, as stated above.

14.4. The provisions of this section constitute a fundamental provision of the Agreement, and any breach thereof, or of any part thereof, will constitute a fundamental breach of the Agreement.

15. **Liability and Indemnification**

15.1. The Lessor and/or any of its agents of representatives will not be liable, in any manner whatsoever, for any damage and/or harm which may be caused to the Lessee and/or to the Leased Property and/or to the business conducted in the Leased Property and/or to any equipment and/or facilities located in the Leased Property or in its surrounding area.

15.2. Without derogating from in subsection 15.1 above, the Lessor and/or any of its agents and/or representatives will bear no liability whatsoever for any damages caused to person and/or property, of any kind whatsoever, to the Lessee and/or to its employees and/or to any other party operating on its behalf, including its agents, suppliers, representatives, contractors, customers, and any other person located in the Leased Property, whether with or without permission.

15.3. For the avoidance of doubt, the Lessee and the Lessee alone will be liable for any damages, including any physical injury and/or damage to property and/or reputation and/or prevention of profits which the Lessor and/or any third party may incur in connection with the negligence of the Lessee and/or of any other party on its behalf, and for any offense which may occur in connection with the possession and/or the use by the Lessee or by any other party on its behalf of the Leased Property and/or the Building and/or the Park.

15.4. The Lessee will indemnify the Lessor and/or any other party on its behalf with respect to any damage and/or claim and/or charge which the Lessor and/or any other party on its behalf will be required to pay in connection with any damage and/or offense for which the Lessee is responsible, as stated above, immediately upon the receipt of the Lessor's first written demand.

16. **Insurance**

Without derogating from the Lessee's liability and undertakings under this Agreement and/or by law, from the date of the introduction of any assets and/or property whatsoever into the Leased Property, or from the date of this Agreement's entry into effect, whichever is earlier, the Lessee undertakes to acquire, at its own expense, and to maintain valid, throughout the entire Lease Period, the insurance policies specified below (hereinafter: the "**Lessee's Insurance Policies**"):

16.1. Property insurance — insurance for the entire worth and full restatement value of the content of the Leased Property and/or other property which the Lessee owns and/or is responsible for, and which is located outside of the Leased Property, including any correction, modification, improvement, renovation and addition to the Leased Property, which have been and/or which will be performed by the Lessor and/or on its behalf, against the conventional risks protected in extended fire insurance, including fire, smoke, lightning, explosion, earthquake, storm, tornado, flood, damage due to water or other liquids and the rupture of pipes, damage caused by aircraft, supersonic booms, collision, strikes, riots, malicious harm and break-in.

16.2. Loss of profit insurance for the Lessee, due to any damage caused to the Leased Property and/or to its contents, as a result of the insured risks as specified in section 16.1 above (excluding break-in), for a reimbursement period of no less than 12 months.

The insurance policies specified in sections 16.1 and 16.2 above will include an express section stipulating that the insurers waive subrogation rights towards the Lessor and/or its representatives and/or other lessees and/or other entities hold possession of the Building and/or their employees and managers, whose insurance policies have a clause specifying a

waiver of subrogation rights towards the Lessee, provided that the waiver of subrogation rights does not apply in favor of any person who has caused malicious damages.

The Lessee undertakes to update the insurance amounts with respect to the insurance policies specified in sections 16.1 and 16.2 above from time to time, in a manner whereby they will always reflect the entire worth, at restatement value, of the

property insured thereunder.

16.3. Third party liability insurance — insurance of the Lessee's liability towards the Lessor and/or towards any third party whatsoever, in accordance with the laws of the State of Israel, with liability limits which will be no less than an amount in New Israeli Shekels equivalent to USD 1,000,000 per single event, and in total for an annual insurance period.

The aforementioned insurance will not be subject to any restriction regarding liability due to fire, panic, explosion, lifting, unloading and loading devices, defective sanitary facilities, poisoning, any harmful substances in food or beverage, strike and lockdown, and claims by the National insurance Institute.

The aforementioned insurance will be expanded to include the Lessor and any representative thereof, as additional insurants subject to a cross liability clause, stipulating that the insurance will be considered as if it had been prepared separately for each individual in the insurant, including specification that the Lessor and/or any representative thereof are not responsible for the payment of any premiums whatsoever, to cover the liability of the Lessor and/or any representative thereof as the owners and/or managers of the Leased Property, and with respect to their liability for the actions and/or omissions of the Lessee.

16.4. Employers' liability insurance with respect to the Lessee's liability towards its employees and/or any other persons employed by it and on its behalf, in accordance with the Torts Ordinance (New Version) and/or in accordance with the Liability for Defective Products Law, 5740-1980, with respect to death and/or physical injury caused to any employee as a result of accident or illness, during or due to their work, with liability limits which will not fall below a total of USD 5,000,000 (five million US Dollars) per injured person, per event and in total for the annual insurance period.

The aforementioned insurance will not include any restriction regarding work hours, work at height and in depth, contractors, subcontractors and their employees, baits and poisons, or regarding the employment of minors.

The aforementioned insurance policy will be expanded to include indemnification of the Lessor and/or any representative thereof, if the foregoing are considered employers of any or all of the Lessee's employees.

16.5. The Lessee's Insurance Policies, as specified above, will be subject to the following provisions:

16.5.1. The insurance policies will be obtained by the Lessee, and at its expense, from a reputable insurance company which is duly licensed to prepare insurance policies in Israel.

16.5.2. The Lessee undertakes to pay the premiums which were agreed upon with the insurer in a timely manner, and upon the Lessor's request, to furnish authorizations of premium payments.

16.5.3. The Lessee's Insurance Policies will include an express condition stipulating that they have higher precedence over any insurance policy which has been prepared by the Lessor and/or by any other party on its behalf, and that the insurer waives any demand or claim regarding the inclusion of the insurance policies of the Lessor and/or any representative thereof. Additionally, the insurer will undertake that the policies will not be reduced or canceled unless written notice has been sent via registered mail to the Lessor at least 60 days in advance.

16.5.4. With no requirement for any demand on the part of the Lessor, the Lessee hereby undertakes to present to the Lessor, no later than the commencement date of this Agreement, or the date of the instruction of any assets whatsoever into the Leased Property, whichever of the aforementioned two dates is earlier, a certificate of insurance with respect to the Leased Property, in accordance with the working of the "Certificate of the Lessee's Insurance Policies", which is attached as an annex to this Agreement, with it being duly signed by the insurer. The Lessee declares that it is aware that the provision of the Certificate of the Lessee's Insurance Policies constitutes a suspending and preliminary condition for the commencement of the Lessee's activities in the Leased Property and/or the introduction of any assets whatsoever into the Leased Property, as stated above, and the Lessor will be entitled to prevent the Lessee from engaging in its activities in the Leased Property and/or from introduction any such assets into the Leased Property in the event that the aforementioned certificate has not been furnished to it before the date specified above. Additionally, the Lessee undertakes to furnish to the License original copies of the insurance policies with respect to the Leased Property within 30 days after the date of the Lessor's demand.

16.5.5. For the avoidance of doubt, it is hereby clarified that any failure to provide the certificates of insurance and the insurance policies by the aforementioned date will not reduce the Lessee's undertakings under this Agreement, including, and without derogating from the generality of the foregoing, regarding the execution of any payment which applies to the Lessee, and the Lessee undertakes to fulfill all of its undertakings under the Agreement, including if it is prevented from performing works and/or receiving possession of the Leased Property and/or introducing assets into the Leased Property and/or opening its business in the Leased Property, due to a failure to present the certificates and insurance policies in a timely manner.

In this context, it is hereby clarified that the preparation of the aforementioned insurance policies by the Lessee will not reduce or derogate, in any manner whatsoever, from any of the Lessee's undertakings under this Agreement, and will not release it from its obligation to compensate the Lessor and/or any representative thereof, and any person whatsoever, with respect to any damage for which the Lessee is liable under this Agreement and/or by law.

The payment of any insurance benefits whatsoever will not result in a reduction of the compensation and/or indemnification amount to which the Lessor and/or any party on its behalf will be entitled dye to the damage or loss.

16.5.6. No later than 14 days before the end of the period of the Lessee's Insurance Policies, the Lessee undertakes to furnish to the Lessor and/or to any other party on its behalf, the certificate of insurance specified in section 16.5.4 above, with respect to the extension of the insurance's validity for an additional year, and within 30 days after the date of the Lessor's demand, the Lessee will submit the original copies of the Lessee's Insurance Policies, so long as the Lessee continues holding possession of the Leased Property.

16.5.7. The Lessor and/or any other party on its behalf will be entitled to examine the certificates of insurance and/or the insurance policies which will be provided by the Lessee, as specified above, and the Lessee undertakes to perform any modification or correction which may be required in order to adjust them according to its undertakings. The Lessee hereby declares and undertakes that the rights of the Lessor and/or any other party on its behalf to conduct the examination and to demand the modifications specified above will not impose on the Lessor and/or on any other party on its behalf, or on their behalf, any obligation or liability whatsoever regarding the aforementioned certificates of insurance and insurance policies, nor regarding their contents, scope or validity, or any absence thereof, and the foregoing will not derogate from any obligation whatsoever which applies to the Lessee under this Agreement, whether they have demanded the foregoing or not, and whether they have examined the foregoing or not.

16.5.8. The Lessee undertakes to comply with all of the terms of the policy specified above in this section, to pay the insurance premiums in a full and timely manner, and to ensure and verify that the insurance policies with respect to the Leased Property will be renewed from time to time, as needed, and will be valid for the entire Lease Period.

16.5.9. In the event that the Lessee has not fulfilled its obligation under section 16, in its entirety, the Lessor and/or any other party on its behalf will be entitled, but not obligated, to prepare the insurance policies or any part thereof, in place of the Lessee, and at the Lessee's expense, and/or to pay in the Lessee's place any amount whatsoever, without derogating from the Lessor's right to any other remedy.

16.5.10. The Lessee undertakes not to perform and/or not to permit the performance, by any other party on its behalf of any action or omission which may increase the insurance costs which apply to the Lessor and/or to any other party on its behalf and/or to the other lessees with respect to the insurance for the Building or for the leased properties therein.

16.5.11. The Lessee undertakes that if the Lessor and/or any other party on its behalf will be required to pay additional insurance premiums, above the conventional

amount, with respect to the Lessee's activities, the Lessee will pay to the Lessor and/or to any other party on its behalf, as applicable, the aforementioned addition, immediately upon the receipt of first demand.

16.6. The Lessor will be entitled to acquire, and to maintain valid, whether independently or through any other party on its behalf, during the entire Lease Period, the following insurance policies (hereinafter: the "**Lessor's Insurance Policies**"):

16.6.1. Insurance for the entire worth and full restatement value of the Building of the Leased Property, including all attached facilities, as well as any additions and improvements which have been performed in the Leased Property by the Lessor, regarding the conventional risks protected in extended fire insurance, including smoke, lightning, explosion, earthquake, riots, strikes, malicious damages, storm, flood, damage caused by water and other liquids and the rupture of pipes, damage caused by aircraft, supersonic booms, collision and break-insure, and against any additional risk which is required in the opinion of the Lessor and/or any other party on its behalf, in amounts or without restriction as to amount, as will be determined by the Lessor and/or by any other party on its behalf, in their exclusive judgment, provided that the insurance amount does not fall below the restatement value of the Building of the Leased Property, including all appendages.

The insurance policy will include a clause regarding the waiver of subrogation rights towards lessees and/or occupants in the Building of the Leased Property, with respect to any damage which has been caused by them to the Building of the Leased Property, provided that the foregoing regarding the waiver of subrogation rights will not be apply towards any person who has caused damages with malicious intent.

For the purpose of the provisions of this section, the term "Building of the Leased Property" will include all systems which constitute an inseparable part of the Building, and will expressly not include the content of the leased properties, or any addition, correction, modification, improvement of extension which have been performed in the leased properties by the lessees, or by any other parties on their behalf.

The insurance premiums which will be charged to the Lessor with respect to the insurance of the Building of the Leased Property will be paid to it by the Lessee within 7 days after the date of demand by the Lessor.

16.6.2. Loss of rent insurance for the Lessor and/or for any other party on its behalf, as a result of loss or damage to the Building of the Leased Property, due to the risks specified in section 16.6.1 above, for a period which will be no less than 12 months.

The aforementioned insurance policy will include a clause specifying a waiver of subrogation rights towards lessees and/or occupants in the Building of the Leased Property, with respect to any damage which has been caused by them, provided

that the foregoing regarding a waiver of subrogation rights towards the lessees and/or occupants of the Building of the Leased Property, with respect to damage which has been caused by them, will not apply towards any person who has caused damage with malicious intent.

16.6.3. The Lessor declares that it will not have any claim and/or demand and/or suit towards the Lessee with respect to any damage for which the insurer has paid reimbursement and/or compensation, up to the amount which the insurer actually paid, and from the date of execution of the aforementioned payment.

17. **Access by the Lessor to the Leased Property**

17.1. The Lessor and/or the Institute and/or representatives thereof, and any other party on their behalf, will be entitled to build, in the Building or in its surrounding area, additional floors and/or to perform other construction works and/or to transfer through the Leased Property (or on its exterior) any pipes, tunnels and other conductors for water, sewage, drainage, gas, electricity, telephone, or for any other purpose whatsoever, and to perform any other works or installations in the Leased Property, for the purpose of using the property which is adjacent to the Leased Property, and for any other similar purpose, provided that the use of such authorities will be implemented in a manner which will reduce, as much as reasonably possible, the inconvenience and disturbance caused as a result thereof, and provided that the Lessor, or the Institute, have performed, or have caused the other parties in their place or on their behalf, to perform, in the parts of the Leased Property which will be harmed by the performance of such works, all repairs required to restore the previous condition.

17.2. The Lessor or its representatives will be entitled, following advance coordination with the Lessee, to perform the following actions:

17.2.1. To enter the Leased Property at any reasonable time, in order to verify the fulfillment of the provisions of this Agreement.

17.2.2. To enter the Leased Property at any reasonable time, in order to perform, in the area of the Leased Property, repairs as required for the purpose of the Building or any parts thereof.

17.2.3. During the last six months of the Lease, to enter the Leased Property during reasonable works hours, accompanied by visitors.

17.2.4. To instruct the Lessee to allow the performance, in the Leased Property, of any repairs which will be required for performance in the area of the Leased Property, regardless of whether or not these refer to the Leased Property or to other parts of the Building.

17.3. The Lessee undertakes not to prevent access by the Lessor to the Leased Property, as specified in sections 17.1 and 17.2 above, and to allow the Lessor, or the Institute, to perform the works specified in those sections.

18. **Prohibition Against the Transfer of Rights**

18.1. The Lessee undertakes not to transfer the Lease of the Leased Property, or any part thereof, to any other party other than the Lessee, and not to transfer, not to deliver and not to rent the Leased Property or any part thereof to any other party, and not to allow any other party to use the Leased Property, or any part thereof, not to involve any other party in the possession and/or use and/or benefit of the Leased Property, or any part thereof and/or in the business which is conducted in the Leased Property, and not to provide to any other party any beneficiary rights, or any other rights whatsoever with respect to the Leased Property or any part thereof, whether with or without consideration, and not to transfer, not to pledge, and not to charge its rights under this Agreement.

18.2. For the purpose of section 18.1 above, in the event that the Lessee is a corporation, any action, of any kind whatsoever, which causes a change in the control of the Lessee, will be considered a transfer which requires the Company's consent. The definition of the term "Control" in this section will be as follows: "The holding of at least 51% of the shares and rights, of any kind whatsoever, in a corporation, including the right to appoint at least 51% of its managers, and the right to appoint the CEO".

18.3. The provisions of this section constitute a fundamental provision of the Agreement, and any breach thereof will constitute a

fundamental breach of the Agreement.

19. **Vacation**

19.1. The Lessee undertakes than no later than the conclusion date of the Lease Period and/or, in the event that the Agreement has been terminated by the Lessor due to a breach hereof by the Lessee, as stated in section 23.1 below, the Lessee will vacate the Leased Property and transfer it to the Lessor. The Lessee undertakes that on the date of vacation of the Leased Property and the return of possession of the Leased Property to the Lessor, the Leased Property will be free and clear of any person or object, with the Leased Property being in proper, functional and orderly condition, as received by the Lessee, subject to the provisions of sections 3.2 and 12 above, and subject to wear and tear due to reasonable and cautious use of the Leased Property by the Lessee, and in accordance with the provisions of this Agreement. For the avoidance of doubt, it is hereby agreed that the Leased Property will be returned to the Lessor after being re-painted or re-whitewashed by the Lessee and at the Lessee's expense in the paint or whitewash which correspond to the color, material and quality of the Leased Property when it was received by the Lessee from the Lessor.

19.2. In the event that the Lessee has not fulfilled its undertakings in accordance with section 19.1 above, without derogating from the Lessor's right to exercise its rights, in any manner in the Lessor's discretion, and without derogating from any other right which will be available to the Lessor by law and/or by agreement, in consideration of the relevant circumstances, the Lessee will be required to pay to the Company, so long as it has not fulfilled its aforementioned undertakings, appropriate usage fees, in the amount specified in the Addendum, with the addition of VAT, for every day, as predetermined liquidated damages.

The Lessee will also be required to pay the Service Fees for the Building and the Total Service Fees, with the addition of VAT, with respect to the period of the delay in vacation, and it is hereby agreed, with respect to the payment of the Service Fees, as stated above, delay in vacation of part of one month will be considered delay of an entire month.

The appropriate Service Fees will be linked to the Index, and the provisions of section 7.1 above will apply, *mutatis mutandis*.

The date for payment of the liquidated damages with respect to each day of delay in vacation will be at the start of each day of delay, as stated above.

It is hereby expressly declared and agreed between the parties that the amount of predetermined liquidated damages was determined following a cautious and reasonable evaluation, at a proportion which is reasonable for the damages which can be predicted in advance at the time of signing of this Agreement, and no claim whatsoever by the Lessee will be heard contending that the aforementioned amount was determined as a fine, and the Lessee will be prevented from brining any such claim.

19.3. It is hereby expressly agreed and declared between the parties that the provisions of section 19.2 above will not release the Lessee from its undertakings in accordance with section 19.1 above, and/or will not grant to the Lessee any right whatsoever, of any kind whatsoever, including, but without derogating from the generality of the foregoing, any lease right which is protected by law, and/or will not constitute consent on the part of the Lessor for the extension of the Lease Period in the Leased Property by the Lessee, and/or will not constitute any waiver on the part of the Lessor towards the Lessee and/or will not derogate from or reduce any of the Lessor's rights and/or will not injure the Lessor's right to receive any other relief or remedy in accordance with this Agreement or in accordance with the law, including removal of the Lessee from the Leased Property, and additional compensation for any damage which the Lessor may incur, due to a failure by the Lessor to vacate the Leased Property in a timely manner.

19.4. In the event that, at the time of vacation of the Leased Property and the return thereof to the Lessor, the Leased Property is not in the condition specified in section 19.1 above, the Lessee will be required to repay to the Lessor, immediately upon its first demand, all expenses which the Lessor has paid in order to restore the Leased Property to the condition in which the Lessee was required to return it to the Lessor, and all expenses associated with the foregoing, and to compensate the Lessor for all damages, losses and lost profits which are due to the condition of the Leased Property and/or to the need to restore it to proper and functional condition, and the performance of the works associated therewith.

19.5. The vacation and return of the Leased Property to the Lessor will be performed in the presence of the Lessor and the Lessee, who will prepare a vacation protocol which will reflect the condition of the Leased Property. In the event that the vacation has been performed without the presence of the Lessee, due to the Lessee's fault, the protocol will be prepared by the Lessor independently, and its contents will be binding towards the Lessee.

19.6. In addition to any right which may be available to the Lessor in accordance with any law, and in accordance with this Agreement, in the event that the Lessee has not vacated the Leased Property in a timely manner, the Lessor, or any entity appointed by it, will be authorized and entitled, and the Lessee hereby provides its consent and permission for the following, to enter the Leased Property through the breaking of locks and replacing them with other locks, and through the use of reasonable force, to receive exclusive possession of the Leased Property and to remove the Lessee's property therefrom, and to store them at the Lessee's

expense and liability, in any location in the Lessor's discretion, and the Lessee will be required to repay to the Lessor all expenses which have been spent by the Lessor in connection therewith. The Lessor will not be liable for any damages, of any kind whatsoever, which may be caused to the Lessee and/or to its property, if any, during the performance of the aforementioned actions by the Lessor, and the Lessee will not have, and hereby waives, any claim or suit against the Lessor in connection with the performance of all of the foregoing.

19.7. The provisions of this section constitute a fundamental provision of the Agreement, and any breach thereof, or of any part thereof, will constitute a fundamental breach of the Agreement.

20. **Guarantees**

20.1.

20.1.1. As security for the fulfillment of the Lessee's undertakings in accordance with this Agreement, the Lessee will furnish to the Lessor, within 48 hours after the signing date of this Agreement, a bank guarantee in a wording which is acceptable to the Lessor, for an amount equal to 9 months' Rent, with the addition of VAT, as well as the maintenance fees for 9 months of the Lease, in accordance with the last known rate prior to the provision of the aforementioned guarantee, with the addition of VAT. The amount of the guarantee will be linked to the Index, and the provisions of section 7.1 above will apply to the linkage of the guarantee amount, *mutatis mutandis*.

20.1.2. In the event that the Rent and/or maintenance fees and/or VAT rates have been updated and/or modified, the Lessee will furnish to the Lessor, within 14 days after the receipt of the Lessor's demand, an alternative or additional bank guarantee, which will secure the Rent payments for a period of nine months, in accordance with the new payment rates.

20.1.3. The Lessee undertakes to renew the guarantee or guarantees from time to time, no later than 7 days after their expiration dates. In the event that the Lessee has not done so, the Company will be entitled to realize the guarantees, without releasing the Lessee from its obligation to furnish to the Company a new guarantee or guarantees, and without releasing the Lessee from any of its undertakings under this Agreement. In the event that the amount realized in accordance with the aforementioned guarantee exceeds the amount owed at that time by the Lessee to the Lessor, the remainder will be deposited with the Lessor as a deposit, in accordance with conditions which will be determined by the Company at that time. The Lessee will not be entitled to receive any other compensation and/or payment with respect to any direct or indirect damages, or any other payment whatsoever, with respect to the realization of the guarantee or guarantees by the Lessor in accordance with this section.

20.2. In the event that funds, if any, are owed by the Lessee to the Lessor in accordance with the provisions of this Agreement and/or any breach hereof, the Lessor will be entitled to use the

bank guarantee which is deposited with it, in an amount equal to the sums which will be owed to the Lessor by the Lessee, if any.

20.3. It is hereby declared and agreed between the parties that the submission of the bank guarantee by the Lessee to the Lessor and/or the presentation of the deposit for repayment by the Lessor will not injure the Lessor's right to collect from the Lessee, by any means possible, the damages which it has incurred due to a b reach of any of the Lessee's undertakings under this Agreement, or release the Lessee from any of its undertakings under this Agreement, and/or grant to the Lessee any right whatsoever which is protected by law and/or prevent the Lessor's exercising of its aforementioned rights and/or restrict the amount of compensation and/or damages which the Lessor will be entitled to receive from the Lessee due to a breach of any of its undertakings under this Agreement.

20.4. The Lessee will be entitled to make use of the bank guarantee and/or guarantees in accordance with section 20.2 above in its exclusive judgment, and the use of all or any of the guarantees will not injure any of the Lessor's rights in accordance with any agreement or by law.

20.5. In the event that no amounts are owed by the Lessee to the Lessor under this Agreement, the Lessor will be obligated, 90 days after the date of return of the Leased Property by the Lessee to the Lessor, to return the bank guarantee to the Lessee, subject to the presentation of all receipts and authorizations for the performance of the various payments by the Lessee.

20.6. The provisions of this section constitute a fundamental provision of the Agreement, and any breach thereof will constitute a fundamental breach of this Agreement.

21. **Indemnification of the Lessor**

In the event that the Lessee has not fulfilled any of its undertakings under this Agreement, the Lessor will be entitled (but not obligated), in addition to, and without derogating from its rights and authorities under this Agreement by law, to perform any actions which the Lessee was required to perform, and the Lessee will be required to reimburse and to repay to the Lessor, immediately upon its demand, any payment or expense which the Lessor has incurred in connection with the foregoing.

22. **Interest**

22.1. Without derogating from any of the Lessor's rights under the provisions of this Agreement, and by law, in the event that the Lessee is in arrears in the payment of any amount whatsoever, which it is required to pay to the Lessor, in accordance with this Agreement, the Lessee will be required to pay to the Lessor interest on the amount in arrears, with the addition of duly payable VAT. The interest rate will be the maximum rate permitted by law at that time, and if there is no legal restriction on the interest rate — the interest will be according to the maximum rate used by Bank Leumi Le-Israel Ltd. at that time to collect unapproved withdrawals in revolving debitory accounts, and the approval of the central branch of that bank will determine on this matter; or interest at a rate of 5% per month (unlinked), or linkage differentials due to the increase of the consumer price index, from the date when the Lessee was required to execute the payment to the Lessor, until the actual

execution of that payment, with the addition of interest of 48% per year, whichever is greater.

23. **Breach**

23.1. Any party which has breached or not fulfilled any of its undertaking in accordance with this Agreement will be required to compensate the fulfilling party for all damages and losses which the fulfilling party has incurred due to the foregoing, without derogating from the right of the fulfilling party to receive any other and/or additional remedy and relief, including specific performance or eviction order.

23.2. In the event that the Lessee has performed a fundamental breach of this Agreement, as defined in this Agreement, and/or the Lessee has performed a non-fundamental breach of this Agreement, and has not cured the aforementioned breach within 15 days after receiving notice of the foregoing from the Lessor, the Lessor will be entitled to notify the Lessee that the Lease under this Agreement is terminated and cancelled, in which case the Lessee will be required to vacate the Leased Property as specified in section 19 above, within 10 days after the date of the aforementioned notice, without derogating from the Lessor's rights under this Agreement, including but without derogating from the generality of the foregoing, the right to receive the entire Rent and all other amounts to which it would have been entitled has this Agreement been fulfilled, and without derogating from its right to receive any other remedy or relief, including compensation for any damages which the Lessor has incurred due to the aforementioned breach or non-fulfillment.

It is hereby emphasized that between the parties that the aforementioned period of 10 days has been determined by them as a reasonable period for the purpose of the provisions of the Contracts Law (Remedies for Breach of Contract), 5731-1970.

24. **Transfer of Rights by the Lessor**

The Lessor will be entitled to lease and/or to sell its rights to the Park and/or to the Building and/or to the Leased Property to any entity whatsoever, and for any purpose whatsoever (including a purpose which is similar to the Lease Purpose) in its discretion, and also to perform any construction works in the Building in which the Leased Property and its surrounding area are located, including if the foregoing constitute a structural change to the Building, without the requirement to obtain any consent from the Lessee, and without injuring the Lessee's rights to the Leased Property in accordance with this Agreement.

The Lessee declares that it is aware that the Lessor does not undertake that businesses which are identical to, or which compete with, the business which the Lessee will manage in the Leased Property, will not be managed in the other units in the Building, or in any other location in the Park.

25. **Miscellaneous**

25.1.

25.1.1. No action taken by any of the parties will be considered a waiver of any of its rights under this Agreement, or by law, or as a wavier or consent on its part for

any breach of non-fulfillment of the terms of this Agreement by the other party, or as granting any deferral or extension for the performance of any action which the other party is required to perform, or as any modification, cancellation of addition of any term whatsoever, unless the waiver, consent, deferral, modification, cancellation or addition have been expressly prepared in writing.

25.1.2. It is hereby expressly agreed that the performance of each and every one of the Lessor's undertakings under this Agreement is conditional upon the Lessee's prior fulfillment of its undertakings under this Agreement, as applicable, and the Lessor will be entitled, without derogating from the provisions of any other section of this Agreement, to delay the performance of any of its undertakings until the Lessee has fulfilled its undertakings.

25.1.3. It is hereby declared and agreed that the provisions of this Lease Agreement are pursuant to the Lease and Rental Law, 5731-1971, and that the provisions of Chapter A of the aforementioned Law will not apply to the Lease under this Agreement.

25.2. In the event that the Lessee is a foreign resident, the Lessee undertakes to perform its undertakings under this Agreement in accordance with the Supervision of Currency Law, 5738-1978, and in accordance with all regulations, ordinances and permits pursuant thereto.

25.3. The Lessor's bills will constitute prima facie evidence of any charge and any settlement of accounts included therein, and any claim by the Lessor from the Lessee, whose amount and details are approved by an accountant, will be binding towards the Lessee, and the Lessee agrees that it will serve as sufficient written proof of its filing with the Court through shortened proceedings.

25.4. The parties hereby agree that the competent court of the city of Tel Aviv will have the exclusive jurisdiction on all matters associated with this Agreement and any notices sent in accordance with herewith.

25.5. The addresses of the parties are as specified in the heading of the Agreement, and any notice sent to either of the parties to the address appearing alongside its name will be considered as having been received by it 72 hours after its sending by registered mail.

In the event that the Lessee includes several individuals, the notice will be considered as having been sent to each individual in the Lessee, it has been sent, as stated above, to one of the individuals in the Lessee, to the aforementioned address.

IN WITNESS WHEREOF, the parties have signed the Agreement as of the ate stated above.

Official Stamp of Africa Israel Properties Ltd. Official Stamp of Collplant Ltd.

[Handwritten — I hereby affirm that this Agreement has been signed by the authorized signatories of the Lessor, who have been authorized for this purpose in accordance with the resolution passed by the Lessor's Board of Directors on May 19, 2008]
[Signature and Stamp of Elad Moretzky, Adv., License No. 49807]

List of Annexes

Annex "A"	-	Addendum
Annex "B"	-	Site Plan of the Building's Location in the Park
Annex "C"	-	Certificate of Insurance for the Leased Property
Annex "D1"	-	Certificate of Insurance for Construction Works
Annex "E"	-	Policy Regarding Heat Works
Annex "F"	-	Text of Bank Guarantee
Annex "G"	-	Maintenance and Other Services

Annex "A"

To the Unprotected Lease Agreement Dated June 19, 2008

Name of Lessee: **Collplant Ltd.**, Reg Co. No. 513578260

The parties hereby agree that the provisions of this Annex are intended to amend and modify the Agreement only with respect to the sections and/or provisions which will be amended and/or added and/or deleted in accordance with this Annex.

The sections which will be added and/or amended and/or deleted will take precedence over the provisions of the Agreement, notwithstanding the provisions of the Agreement.

Property: An area located on floor 2 in building no. 3 of the Science Park in Kiryat Weizmann (hereinafter, respectively: the "**Building**" or the "**Park**"), on No. 3 Sapir St., in Ness Tziona, which is marked in red in the diagram attached to this Agreement as Annex "**C**".

Area of the Leased Property: The area of the Leased Property for the purpose of payment under this Agreement is approximately 533 gross square meters. It is hereby clarified that that the aforementioned area includes loading with respect to the Leased Property's proportional share of the shared used of public areas in the Building.

Transfer Date: June 19, 2008.

Lease Period: A period of 62 months, commencing on the Transfer Date.

Notwithstanding the foregoing, it is hereby agreed that the Lessee will be entitled to terminate its lease of

the Leased Property at the end of 38 months after the Transfer Date, i.e., on August 17, 2011 (hereinafter: the "**Exit Station**"). The termination of the Lessee's lease of the Leased Property on the Exit Station will only be permitted subject to the receipt of a written notice without reservations from the Lessee expressing its desire to terminate the Lease of the Leased Property, as stated above, on the date of the aforementioned Exit Station (hereinafter: the "**Notice**"), which will be received by the Lessor at least 180 days before the date of the Exit Station, and subject to the payment of compensation which will constitute 40% of the actual Construction Budget, as defined below, with the addition of linkage differentials (where the Base Index will be as specified in section 7 of the Agreement), and duly payable VAT, which will be performed up to 30 days before the Exit Station. It is hereby clarified that that the above conditions for the termination of the Lease of the Leased Property on the Exit Station Date are cumulative.

Section 2 The Lessor hereby declares and confirms that it holds the exclusive leasing rights to the Leased Property, and that it holds exclusive possession of the

Leased Property, and that the Building was built in accordance with duly issued construction permits, the plans which apply to the land, and the provisions of the law, and that no restriction exists which would prevent its engagement in this Agreement, including regarding the permitted uses of the Leased Property, subject to all stipulations, arrangements and provisions specified in this Agreement.

The Lessor further declares that the Leased Property is free and clear of any debt, lien, pledge, mortgage, claim, judicial order, administrative order, demolition order, and any other third party right whatsoever, which could prevent the lease of the Leased Property to the Lessee and/or the timely fulfillment of the Lessor's undertakings under this Agreement.

Section 3 Subject to the fulfillment of all of the Lessee's undertakings as specified in sections 7.2, 16.5.4. and 20.1.1, and the payment of the amount specified in section 7.1.3 of the Agreement, the possession of the Leased Property will be transferred to the Lessee on the Transfer Date in accordance with the provisions of this Agreement, with it being in its current condition ("as is") on the signing date of this Agreement.

Together with the performance of the works specified in section 12 of this Agreement, the Lessor will perform in the Leased Property works required to separate the area of the Leased Property from the leased areas which border with the Leased Property (i.e., installation of barriers and separation of systems only, including separation of electrical and air conditioning systems), in accordance with the Lessor's plans only, and to change the location of the entry door to the area in floor 2 of the Building (which also contains the Leased Property), in a manner whereby the door will be situated at the entrance to the Leased Property only, in the location marked with the letter A in the diagram which is attached to surrounding area as **Annex "C"** (the aforementioned works will hereinafter be referred to as: the "**Lessor's Works**"). The Lessee undertakes not to disrupt and not to object to the Lessor's Works, in whole or in part, including but not limited to disturbances which may be caused to the Lessee, if caused during the performance of the Lessor's works. The Lessee further undertakes to allow the Lessor, in coordination with the Lessee, free access to the Leased Property at any time for the purpose of the performance of the Lessor's Works.

The Lessee will attempt to ensure, as much as possible, that the Lessor's Works will not disturb the performance of the Construction Works, as defined below, and also undertakes to arrange for the coordination of the dates of performance of the Lessor's Works with the Lessee, in order to prevent, as much as possible, disturbances which could be caused during the performance of the Construction Works.

Save for the performance of the Lessor's Works, as specified above, the Lessor will not be obligated to perform any works and/or modifications and/or amendments and/or improvements and/or renovations whatsoever in the

Leased Property. The foregoing provisions in this section will not derogate from the provisions of this Annex with respect to the Construction Budget, as defined below.

Section 4.3 The foregoing will apply subject to the provisions of section 8.1.1 of this Agreement.

Section 5 The words "and all details pertaining thereto" will be replaced by the words "including all details thereof"; after the words "in accordance with the provisions of the Agreement", the following text will be added: "and subject to the correctness of the Lessor's declarations"; after the words "and its engagement in this Agreement", the following text will be added: "save for any claim of hidden defect which the Lessee could not have discovered in a reasonable examination by a non-expert person".

Section 6 The Lease Purpose with respect to the Leased Property is for use as offices and research laboratories, and the Lessee's development and production in the field of biotechnology.

Section 7 Base Index: The consumer price index (general) with respect to April 2008, which was published on May 15, 2008 (108.0558 points, base 2002).

Rent: The Rent with respect to the Leased Property during the Lease Period will amount to NIS 50 per square meter in the gross area of the Leased Property, per month, with this amount being linked to the Base Index, and with the addition of duly payable VAT. It is hereby agreed that the Lessee will be exempt from the obligation to pay Rent only with respect to the first two months of the Lease of the Leased Property, during which time the Lessee will perform the Construction Works, as defined below (hereinafter: the "**Exemption Period**"). It is hereby declared and agreed that the foregoing regarding the Exemption Period will not derogate from the Lessee's other obligations under this Agreement, including and without derogating from the foregoing, Service Fees, municipal taxes, and other payments and charges.

On the signing date of this Agreement, the Lessee will pay the Rent and the Service Fees with respect to three months of the Lease of the Leased Property, and subsequently, payment of the Rent and the Service Fees will be executed in advance for each quarter of the Lease Period, on the first business day of the first month of each quarter, as stated above, through a permission to charge the Lessee's account, as stated in section 7.2 of the Agreement.

Section 7.2 The Lessor will make use of the permission to charge the Lessee's account only in accordance with and subject to the provisions of this Agreement.

Section 7.3 The word "two" will be replaced by the word "three"; after the text "which will be owed to the Lessor by the Lessee, on the determined date, with respect to the aforementioned payments", the following text will be added: "and have not been paid to the Lessor also at the end of 30 days after the date of provision of written warning to the Lessee"; the text "all other payments of Services Fees,

and the Lessee will be required to pay the entire Rent with respect to the entire Lease Period, which have not yet been paid by that date, after the end of two business days", will be replaced by the following text: "all other payments of Service Fees with respect to the coming six months which have not yet been paid, and the Lessee will be required to pay them at the end of five business days".

Section 7.4 Cancelled.

Section 8.1.1 Notwithstanding the provisions of section 8 of the Agreement, it is hereby clarified that that during the Lease Period, the Lessee will bear the payments, fees, municipal taxes, taxes, and other payments with respect to the Leased Property, provided that the foregoing apply by law to a lessee and/or occupant and/or user of a leased property.

However, it is hereby expressly agreed that in any case, the Lessee will pay the municipal taxes with respect to the Leased Property and its proportional share of the common areas, including if those apply by law to the owner. If is further clarified that insofar as betterment fees will be imposed due to the Lessee's use of the Leased Property, in a manner which deviates from the Lease Period — the Lessee will pay the aforementioned fees.

Section 8.1.3 Tax invoice with respect to each of the payments which apply to the Lessee and which are intended for payment by the Lessee to the Lessor, will be furnished to the Lessee within 7 days after the execution of payment.

Section 8.1.4 After the words "which applies to this Agreement", the following text will be added: "insofar as the foregoing applies by law".

Section 8.1.8 Cancelled.

Section 8.2 The word "second" will be replaced by the word "five"; the words "7 days" will be replaced by the words "10 days".

Section 10 The Service Fees which will be performed by the Lessee will be according to the conventional practice, from time to time, in the Building, and will be paid with the addition of duly payable VAT and linkage to the Index, according to the conventional practice in the Building. According to the Lessor's calculation, for 2008, the Service Fees with respect to 2008 will amount to a total of approximately NIS 7.13 for each gross square meter of the area of the Leased Property, per month, linked to the consumer price index published with respect to August 2006 (104.7 points, 2002 base), and with the addition of duly payable VAT. The foregoing will not derogate from the Lessor's right to update the amount of the Service Fees, in accordance with the provisions of this Agreement. The specification of the services given by the Lessor and/or by any other party on its behalf is attached to this Agreement as **Annex "G"**.

Section 10.1.2 No central air conditioning system in installed in the Building.

Section 10.2 Notwithstanding the provisions of this section, it is hereby agreed that the Lessor will be responsible to repair any defects in the envelope of the Leased Property, which constitutes a part of the Building's construction, and to repair any defects and faults in public systems installed in the structure of the Building (including public systems which pass through the Leased Property, such as the air conditioning, electrical and sewage systems), throughout the Lease Period, save in the event that the defects or faults have been caused due to any unreasonable action and/or omission by the Lessee, or by any other party on its behalf, in which case the Lessee will be responsible the repair.

Section 10.3 The Service Fees per gross square meter which will be charged to the Lessee will be at a rate identical to the management fees per gross square meter which will be charged to businesses in the Park of the same type as the business managed in the Leased Property. The foregoing will not derogate from the Lessor's right to charge additional or greater Service Fees from the Lessee, with respect to any special expense, in accordance with the provisions of this section 10.3.

Section 11.1 The Lessor undertakes to sign, upon the written request of the Lessee, any document and/or request which will be reasonably required for the purpose of obtaining a license for the business and/or any other permit which is required to operate the Lessee's business in the Leased Property for the Lease Purpose, as specified in this Agreement, by virtue of law and subject to the provisions of this Agreement and of the law, provided that the Lessor will not be obligated and/or liable in any manner for the foregoing, and also provided that the Lessor does not incur any expenses whatsoever as a result of the foregoing. For the avoidance of doubt, it is hereby clarified that this undertaking of the Lessor shall not derogate from the Lessee's responsibility and undertaking to obtain the aforementioned licenses, as specified in this subsection.

It is hereby clarified that insofar as a demand will be received from a legally competent authority (hereinafter: the "**Competent Authority**") to perform in the Leased Property works in connection with the installation of fire extinguishing systems in and/or outside of the area of the Leased Property, the Lessee will perform, independently, and at its own expense and liability, the works required to install plumbing, sprinklers, and detection systems inside the Leased Property, in an internal location which will be determined in connection with the Lessor's consultants and/or any other works which will be required by the Competent Authority, in coordination with the Lessor. The connection of sensors to the central detection system will be performed by the Lessee, and at its expense and liability. The Lessee will be required for adjusting the secondary system of pipes, sprinklers and fire detection in the area of the Leased Property, including planning the aforementioned adjustment. The pipes providing water supply to sprinklers, until the entrance to the Leased Property (including the emergency water reservoir) will be performed by the Lessor and at its expense.

Section 12 Insofar as the Lessee will request to perform in the Leased Property any modification and/or renovation and/or construction and/or adjustment works, the foregoing works will not be performed in any manner that than that specified in this section below:

1. Prior to the commencement of the performance of the works, the Lessee will furnish to the Lessor a set of architectural plans, as well as detailed plumbing, electrical, air conditioning and safety plans, with the addition of bills of quantities and a technical specification, which will hereinafter jointly be referred to as: the "**Plans**". The Lessee will not perform works of any kind whatsoever in the Leased Property, in any manner other than in accordance with the Plans and technical specifications which have been approved in advance and in writing by the Lessor, in its exclusive judgment, which will be exercised for relevant reasons, and in accordance with the instructions issued by the safety consultant, whose identity will be approved by the Lessor. It is hereby clarified, regarding this matter, that any refusal with respect to modification of the construction or envelope of the Building, or its systems, will not be considered unjustified (all of the aforementioned works, insofar as they are approved in writing by the Lessor, shall hereinafter be referred to as: the "**Construction Works**"). The Lessee will also furnish to the Lessor, prior to the commencement of the works, the list of the systems consultants and contractors with whom the Lessee intends to engage for the purpose of planning the Construction Works (hereinafter: the "**Systems Consultants**" and "**Contractors**"). The Lessee will perform the Construction Works only in accordance with plans which have been prepared through the Systems Consultants which have been approved in advance and in writing by the Lessor, in its exclusive judgment, which will be exercised for relevant reasons, and the Lessee will have no claim and/or demand in connection therewith. The Lessor undertakes to provide its approval or remarks regarding the Plans, the Systems Consultants and/or the Contractors, as early as possible, after the date of receipt of the Plans or the Lists, as applicable.

2. The process of performing the works will be executed in full coordination with the Lessor, and including updating the Lessor regarding any material details. Material changes to the Lessee's Plans and/or Specifications, if any, will only be performed after the Lessor has given its consent, and will

be submitted to the Lessor for approval prior to their performance, and will not be performed unless such approval has been given. Particularly, but without derogating from the generality of the foregoing, it is hereby emphasized that the Lessee will not perform any action and/or cause any damage to the envelope of the Building, including due to the drilling of holes and/or openings, etc.

3. The Lessee hereby undertakes that the Contractors operating on its

behalf, who will perform the works in the Leased Property, will be licensed, authorized and reputable contractors in the field. It is hereby clarified that that the Lessee will be responsible for ensuring that the Contractors on its behalf, who will perform the works, will perform examination repairs, including as required by law, regarding all works in the Leased Property. The Lessee further undertakes that all materials and products which are intended for the performance of the works will be of acceptable quality and type, and will be in accordance with the current Israeli standards.

4. The Lessor will bear no liability whatsoever with respect to the Lessee's works, and the Lessee will bear exclusive liability for all matters associated with and involved in the performance of the Lessee's works, including liability for any physical injury or damage to property which has been caused, if any, to any third party, to the property of the Lessor and/or to the property of the Lessee and/or to the property of any third party. Additionally, the Lessee and the Lessee alone will be exclusively responsible for the quality of the materials and the works, including for the performance of the Lessee's works in accordance with the Plans, and the performance thereof in accordance with any law, and the Lessee will be exclusively responsible for performing and repair and examination regarding the works, at its own expense, during the Lease Period of the Leased Property.

5. The Lessee undertakes to prepare and to maintain valid, throughout the entire period of the works in the Leased Property, appropriate insurance policies for all conventional risks regarding the performance of works of the same type as the Lessee's works, and will present to the Lessor a certificate of insurance regarding the Construction Works, in the wording attached as Annex "D1" to this Agreement, before the commencement of the works, and before the introduction of any equipment whatsoever by the Lessee, or on its behalf, into the area of the Leased Property.

6. Without derogating from the Lessee's liability under this Agreement, and without imposing on the Lessor any liability whatsoever, the Lessor will be entitled to enter the Leased Property, through a representative on its behalf, at any time during the performance of the works, subject to advance coordination with the Lessee, for the purpose of verifying the fulfillment of the provisions of this Agreement by the Lessee, including examination of the quality of the materials used by the Lessee in the performance of the works and the performance of works in accordance with the approve Plans. In the event that the Lessor has found that the Lessee is not strictly fulfilling all of the provisions of this Agreement, the Lessor will be entitled to instruct the Lessee, through its representatives in the field, to perform any actions which is required of the Lessee in accordance with this Agreement, or to refrain from performing any action which is prohibited under the provisions of this

Agreement.

7. Without derogating from any of the provisions of this Agreement, the Lessee hereby expressly declares that it bears exclusive and sole responsibility for obtaining any license and/or permit and/or authorization for the performance of the works, and that it undertakes to perform and to supervise all works in accordance with this Agreement and the provisions of any applicable law. Any permission or authorization, insofar as any will be given by the Lessor to the Lessee, will be valid only subject to the provisions of the law.

8. The Lessee undertakes to perform the works in a manner which will prevent, as much as possible, and reduce to the absolute minimum, any disruption to the areas surrounding the area of the Leased Property, and undertakes to take all reasonable measures in order to prevent and/or reduce such disruption.

9. During the performance of the works, and after their conclusion, the Lessee will remove, independently and at its own expense, any waste, of any kind whatsoever, including construction waste, assistive materials, residues, packaging residues, etc., to an authorized waste removal site, and in accordance with the law.

10. Without derogating from the foregoing, the Lessee undertakes to fulfill all of the provisions of Annex "E" of this Agreement regarding heat works.

11. Subject to and following the performance of the provisions of this section, including the examination and approval of the Construction Works by the Lessor, and subject to and following the Lessor's signing of a latter certifying the absence of claims in connection with the works, the presentation of the Contractors' invoices, the transfer of tax invoices by the Lessee, prepared in the name of the Lessor, with respect to payments for the Construction Works which are fixed and which constitute a permanent connection to the additional area (as opposed to furniture and/or Chattels, etc.), the Lessor will participate in the costs of the Construction Works which were actually spent, up to a total of NIS 267,433 (which are $150, calculated according to the known US Dollar exchange rate on the signing date of this Agreement, for each square meter of the gross area of the Leased Property), with the addition of duly payable VAT, and with the addition of linkage differentials (where the Base Index will be as specified in section 7 of the Agreement) (hereinafter: the "**Construction Budget**"). the Construction Budget will be paid to the Lessee according to the end of months + 60 days method. It is hereby agreed that insofar as the Construction Budget will not be used in full, and insofar as the Lessee will perform, to the Lessor's satisfaction, the works specified in section 11.1 of this Annex, the balance of the Construction Budget will be paid

to the Lessee as the Lessor's participation in the performance of the works specified in section 11.1 above.

The Lessor will cooperate with the Lessee and with the entities performing the Construction Works on its behalf, and will act, as much as possible, not to disrupt the performance of the Construction Works, and to allow the Lessee, the Contractors, the employees, representatives and any other person which the Lessee desires to introduce into the Leased Property and/or into the Building for the purpose of performing the Construction Works, including allowing entry and access into the Park for various work vehicles, for the purpose of the performance of the Construction Works, in coordination with the Lessor, and subject to the receipt of the Lessor's advance consent. It is hereby clarified that and agreed that at the end of the Lessee's lease of the Leased Property, the Construction Works will be the exclusive property of the Lessor, and the Lessee will have no claim and/or demand towards the Lessor with respect to the Construction Works and/or with respect to its investment therein.

Section 14.2 After the text "as specified in section 14.1 above", the following text will be added: "as a result of use of the Leased Property by the Lessee and/or by any other party on its behalf".

Section 14.3 The contents of this section will be replaced by the following text " In the event that any party to this Agreement has not performed any repair which it is required to perform, as stated above, or has not replaced any unit which it is required to replace, as stated above, within 14 days after the provision of written notice, the other party will be entitled, but not obligated, to do so at the expense of the breaching party, and in any case, the breaching party will be required to fully compensate the repairing party with respect to any damage, malfunction, loss or destruction, as stated above.

Section 15.1 The following text will be added at the end of the section: "save for any damages which have been caused as a direct result of any negligent and/or malicious action and/or omission by the Lessor and/or by the management company and/or by any other party on their behalf and/or any damages for which the Lessor and/or the Management Company and/or any other party on their behalf are liable by law".

Section 15.2 The following text will be added at the end of the section: "save for any damages which have been caused as a direct result of any negligent and/or malicious action and/or omission by the Lessor and/or by the management company and/or by any other party on their behalf and/or any damages for which the Lessor and/or the Management Company and/or any other party on their behalf are liable by law".

Section 15.3 The words "and the Lessee alone" will be erased; after the text "any offense which may occur ", the following text will be added: "by the Lessee and/or by any entity over which the Lessee holds controls". Additionally, it is hereby

agreed that that the provisions of this subsection will not apply regarding any damages which have been caused as a result of any negligent and/or malicious action and/or omission by the Lessor and/or by the Management Company and/or by any on their behalf (where, for this purpose, the other occupants of the Building will be considered as "other parties on behalf of" the Lessee, provided that the Lessee had no control over the actions / omissions of the other occupants of the Building).

Section 15.4 The following text will be added to the end of the section: "subject to a ruling whose execution will not be stayed". The provisions of this subsection will apply subject to the provision of notice by the Lessor

regarding aforementioned the claim and/or charge, and provided that the Lessee has not been given reasonable opportunity to defend against them. Additionally, it is hereby agreed that any settlement in connection with the aforementioned charge and/or claim will be performed in coordination with the Lessee.

Section 16 The provisions of section 16 of the Lease Agreement will be replaced by the following text:

"16A. Subject to the provisions of the Agreement on all matters associated with obtaining permission to perform the works in the Leased Property, in the event that any works whatsoever have been performed in the Leased Property, as stated above, by the Lessee and/or on its behalf, prior to the initial occupation of the Leased Property by the Lessee and/or on any date during the Lease Period, the Lessee undertakes to furnish to the Lessor and to the Management Company the certificate of insurance for construction works, which is attached to this Agreement as **Annex "D1"** and which constitutes an inseparable part thereof (hereinafter, respectively: the "**Certificate of Insurance for Construction Works**" and the "**Construction Works Insurance**"), signed by the insurer.

16B. Without derogating from the liability and undertakings of the Lessee under this Agreement and/or by law, beginning on the date of introduction of any assets and/or property whatsoever into the Leased Property, save for property which is included in the works which are insured under the Construction Works Insurance, as specified in **Annex "D1"**, or from the commencement date of this Agreement, whichever is earlier, the Lessee undertakes to acquire, at its own expense, and to maintain valid, throughout the entire Lease Period, the insurance policies specified below (hereinafter: the "Lessee's Insurance Policies"):

16.1. Property insurer — insurance to cover the entire worth and restatement value of the contents of the Leased Property and/or other property which is owned by the Lessee or for which the Lessee is responsible, and which is located outside of the Leased Property, including any correction, modification, improvement, renovation and

addition to the Leased Property which have been performed and/or which will be performed by the Lessee and/or on its behalf (however, excluding works which have been performed by the Lessor and/or the Management Company), against the risks conventionally covered in extended fire insurance, including: fire, smoke, lightning, explosion, earthquake, storm, flood, damage due to water or other liquids, rupture of pipes, damage caused by aircraft, supersonic boom, collision, strikes, riots, malicious damages and break-ins.

16.2 Loss of profit insurance for the Lessee, excluding loss of rent, Parking Fees and management fees to the Lessor and to the Management Company (if any) to the Lessee, due to any damage which has been caused to the Leased Property and/or to its contents, due to the risks which are covered, as stated above, in accordance with section 16.1 above (excluding break-in) for an indemnification period of 12 months.

Notwithstanding the foregoing in this section 16.2, it is hereby agreed that the Lessee will be entitled not to prepare loss of profit insurance as specified above in this section 16.2, in whole or in part; however, the exemption specified in section 16.5.12 below will apply as if the aforementioned insurance had been prepared in full.

The insurance policies specified in section 16.1 and 16.2 above will include an express clause stipulating that the insurers waive their subrogation rights towards the Lessor and/or the Management Company and/or their employees and managers, including employees of manpower companies who are hired through invoices by the Lessor and/or the Management Company, as well as corporate officers or companies under their control who are hired through invoices, and also towards the other lessees and/or occupants of areas in the Building and/or their employees and managers, whose insurance policies include a waiver clause regarding subrogation rights towards the Lessee, provided that the waiver of subrogation rights will not apply towards any person who has caused malicious damages.

The Lessee undertakes to update the insurance amounts with respect to the insurance policies specified in sections 16.1 and 16.23 above, from time to time, in a manner which ensures that they will reflects, at all times, the entire value of the subjects covered under the applicable insurance.

16.3 Third party liability insurance — insurance to cover the Lessee's liability towards the Lessor and/or towards any third party whatsoever, in accordance with the laws of the State of Israel, with liability limits in New Israeli Shekels equal to USD 1,000,000 per incident and in total for the annual insurance period.

The aforementioned insurance will not be subject to any limit as to

liability due to fire, panic, explosion, lifting, loading and unloading devices, defective sanitary facilities, poisoning, any harmful substances in food or beverage, strike or lockdown, liability with respect to and towards contractors, subcontractors and their employees, as well as subrogation claims by the National Insurance Institute.

The aforementioned insurance will be extended to include indemnification towards the Lessor and the Management Company as additional insurants with respect to their liability for the actions and/or omissions of the Lessee, subject to a cross liability clause, according to which the insurance will be considered as if it had been prepared separately for each individual in the insurant, and including specification that the Lessor and/or the Management Company are not responsible for the payment of any premiums whatsoever.

16.4 Employers' liability insurance with respect to the Lessee's liability towards the employees who are employed by the Lessee, pursuant to the Torts Ordinance (New Version) and/or the Liability for Defective Products Law, 5740-1980, with respect to any death and/or physical injury which has been caused to any employee as a result of an accident or illness during or due to their work, with liability limits of USD 5,000,000 (five million US Dollars) per injured party, per event, and in total per annual insurance period.

The aforementioned insurance policy will not include any restriction as to work hours, work at height and in depth, contractors, subcontractors and their employees (in the event that these are considered employees of the Lessee), baits and poisons, and regarding the employment of minors.

The aforementioned insurance will be extended to include compensation to the Lessor and/or the Management Company, if these are considered employers of any or all of the Lessee's employees.

16.5 The Lessee's Insurance Policies, as specified above, will be subject to the following provisions:

16.5.1 The insurance policies will be prepared by the Lessee and at the Lessee's expense, through a duly licensed insurance company in Israel.

16.5.2 The Lessee undertakes to pay the premiums on the dates which have been agreed upon with the insurer.

16.5.3 The Lessee's Insurance Policies will include an express condition stipulating that they take precedence over any insurance which has been prepared by the Lessor and/or by the Management Company, and that the insurer waives any demand or claim regarding the involvement of the insurance policies of the Lessor and/or the

Management Company. Additionally, the insurer will undertake that the policies will not be reduced or canceled unless written notice has been delivered, through registered mail, to the Lessor, at least 30 days in advance.

16.5.4 With no need for issuance of demand on the part of the Lessor, the Lessee hereby undertakes to furnish to the Lessor, no later than the commencement date of the Lease Period, or the date of introduction of any assets whatsoever into the Leased Property, whichever of these two dates is earlier, a certificate of insurance with respect to the Leased Property, in the wording attached to this Agreement as **Annex "D"**, duly signed by the insurer. The Lessee declares that it is aware that the presentation of the aforementioned certificate of insurance with respect to the Leased Property constitutes a suspending and preliminary condition for the commencement of the Lessee's activities in the Leased Property and/or for the introduction of any assets whatsoever into the Leased Property, as stated above and the Lessor will be entitled to prevent the Lessee from performing its activities in the Leased Property and/or from introducing assets, as stated above, in the event that the aforementioned approval has not been presented to it before the date specified above.

16.5.5 For the avoidance of doubt, it is hereby clarified that any failure to present the certificates of insurance, as stated above, will not injure the Lessee's undertakings under this Agreement, including, but without derogating from the generality of the foregoing, for the execution of any payment which applies to the Lessee, and the Lessee undertakes to fulfill all of its undertakings under this Agreement, including if it is prevented from performing works and/or receiving possession of the Leased Property and/or introducing assets into the Leased Property and/or opening its business in the Leased Property, due to a failure to present the certificates of insurance in a timely manner.

In this context, it is hereby clarified that the preparation of the aforementioned insurance policies by the Lessee will not reduce or derogate, in any manner whatsoever, from any of the Lessee's undertakings under this Agreement, and will not release it from its obligation (if any) to compensate the Lessor and/or any other party on its behalf, and any person whatsoever, with respect to any damage whatsoever for which the Lessee is liable under this Agreement and/or by law.

16.5.6 No later than the conclusion date of the periods of the Lessee's Insurance Policies, the Lessee undertakes to furnish to the Lessor and/or to as part of on its behalf a certificate of insurance, as specified in section 16.5.4 above, regarding the extension of its validity for an additional year.

16.5.7 The Lessor and/or the Management Company will be entitled to evaluate the certificates of insurance which have been presented by the Lessee, as stated above, and the Lessee undertakes to perform any modification or correction which may be required in order to adjust them to its undertakings, as specified in this Agreement. The Lessee declares and undertakes that the rights of the Lessor and/or the Management Company regarding conducting the examination, and regarding the demand for modifications, as specified above, do not impose on the Lessor and/or the Management Company and/or any other party on their behalf any duty or liability whatsoever regarding the certificates of insurance and policies, nor regarding their provisions, scope, and validity, or regarding any absence thereof, and the foregoing will not derogate from any obligation whatsoever which applies to the Lessee under this Agreement, regardless of whether or not they have demanded it, and regardless of whether or not they have performed any examination.

16.5.8 The Lessee undertakes to comply with all terms of the policies specified above in this section, to pay the insurance premiums in full and on time, and to ensure and verify that the insurance policies for the Leased Property are renewed from time to time, as required, and will remain valid throughout the entire Lease Period.

16.5.9 In the event that the Lessee has not fulfilled its undertaking under the entire section 16 above, the Lessor and/or any other party on its behalf will be entitled, but not obligated, to prepare the insurance policies or any part thereof in place of the Lessee and at the Lessee's expense, and/or to pay in its place any amount whatsoever, without derogating from the Lessor's right to any other remedy.

16.5.10 Cancelled.

16.5.11 Cancelled.

16.5.12 The Lessee hereby exempts the Lessor and/or the Management Company and/or their employees and managers, including employees of manpower companies who are hired by the Lessor and/or the Management Company through invoices, and corporate officers or companies under their control who are hired through invoices, and/or the other occupants of parts of the Building and/or their employees and managers, whose lease agreements, or any other agreements which confer upon them rights to the Building, include a corresponding exemption towards the Lessee, from liability with respect to damage for which the Lessee is entitled to indemnification in accordance with the insurance policies which are prepared in accordance with sections 16.1 and 16.2 above (or for which it would have been entitled to indemnification if not for the deductibles

specified in the policy); however, the aforementioned exemption will not apply towards any person who has caused malicious damages.

16.6 The Lessor undertakes to acquire and to maintain valid, whether independently or through the Management Company, throughout the entire Lease Period, the following insurance policies (hereinafter: the "**Lessor's Insurance Policies**"):

16.6.1 Extended fire insurance, to cover the entire worth and restatement value of the parts of the Building which are owned by the Lessor, and expressly including the Building of the Leased Property, including its appendages, including contents and/or other property which is owned by the Lessor and/or the Management Company, as well as any additions and improvements which have been performed in the Leased Property by the Lessor and/or by the Management Company, against the risks conventionally covered by extended fire insurance, including smoke, lightning, explosion, earthquake, riots, strikes, malicious damages, storm, flood, damages due to water and other liquids and the rupture of pipes, harm caused by aircraft, supersonic boom, collusion or break-in, and also against any additional risk which is required in the opinion of the Lessor and/or the Management Company and/or any other party on their behalf, in their exclusive judgment, provided that the insurance amount is no lower than the restatement value of the Building of the Leased Property,

including its appendages.

The insurance will include a clause stipulating a waiver of subrogation rights towards lessees and/or occupants in the Building of the Leased Property, and expressly towards the Lessee and/or its employees and managers, including employees of manpower companies who are hired by the Lessee through invoices, and corporate officers or companies under their control, who are hired by the Lessee through invoices, provided that the foregoing regarding the waiver of subrogation rights will not apply towards any person who has caused malicious damages.

For the purpose of the provisions of this section, the term "Building of the Leased Property" will include all systems which constitute an inseparable part of the Building, and expressly will not include the content of the leased properties and any addition, correction, modification, improvement or extension which have been performed in the leased properties by the lessees or as part of on their behalf.

The insurance premiums which the Lessor will be required to pay with respect to the insurance for the Building of the Leased Property will be paid to it by the Lessee (in accordance with its proportional share of the Leased Property), within 7 days after the date of demand by the Lessor.

16.6.2 Resultant loss insurance, including loss of rent and management fees and Parking Fees (if any) to the Lessor and/or to the Management Company as a result of loss or damage to the Building of the Leased Property due to the risks specified in section 16.6.1 above, for a period of no less than 12 months.

It is hereby agreed that the Lessor and/or the Management Company will be entitled not to prepare resultant loss insurance, as specified in this section 16.6.2 above, in whole or in part; however, the provisions of section 16.6.3 below will apply as if the aforementioned insurance had been prepared in full.

The aforementioned insurance policy will include a waiver regarding subrogation rights towards lessees and/or occupants in the Building of the Leased Property, and expressly towards the Lessee and/or its employees and managers, including employees of manpower companies who are hired by the Lessee, through invoices, and corporate officers or companies under their control, who are hired by the Lessee through invoices, provided that the foregoing regarding the waiver of subrogation rights towards lessees and/or occupants in the Building of the Leased Property, with respect to damage caused by them, will not apply towards any person has caused malicious damages.

16.6.3 The Lessor hereby exempts the Lessee and/or its employees and managers, including employees of manpower companies who are hired by the Lessee through invoices and corporate officers or companies under their control who are hired by the Lessee through invoices, in its name and in the name of the Management Company, from liability with respect to damages for which they are entitled to compensation in accordance with the insurance policies which have been prepared in accordance with sections 16.6.1 and 16.6.2 above (or for which they would be entitled to compensation if not for the deductibles specified in the policies); however, the aforementioned exemption from liability will not apply towards any person who has caused malicious damages.

Notwithstanding the foregoing, in the event of the occurrence of an insurance event which is insured under sections 16.6.1 and 16.6.2, in circumstances for which the Lessee is liable, in accordance with the Agreement and/or by law, the Lessee will bear the amount of incurred damages up to the amount of the deductibles specified in the aforementioned policies, provided that the amount paid by the Lessee, as stated above, with respect to each event, does not exceed USD 10,000.

16.6.4 Third party liability insurance, with liability limits of $3,000,000 (three

million US Dollars) per event and cumulatively in accordance with the policy, which covers the legal liability of the Management Company and the Lessor with respect to physical injury or harm to property, which may be caused to the person and/or property of any person or legal entity whatsoever in the Building and in its surrounding area. The aforementioned insurance policy will not be subject to any restriction as to liability due to fire, explosion, panic, poison, lifting, loading and unloading devices, animals, strikes and lockdowns, liability with respect to and towards contractors and subcontractors (of any rank) and their employees, as well as subrogation claims from the National Insurance Institute. The insurance will be extended to include indemnification of the Lessee with respect to any liability which may be imposed on the Lessee due to any action

and/or omission of the Management Company and/or the Lessor and/or any other party on their behalf, for each one of the individuals in the insurant.

16.6.5 Employers' liability insurance covering the liability of the Management Company and the Lessor towards their employees, with respect to physical injury and/or profession illness which may be caused to any of the foregoing, during and due to their work in the Building and its surrounding area, with liability limits of $5,000,000 per claimant, per event and cumulatively in accordance with the policy. This insurance will not include any restriction regarding works at height and depth, work hours, baits and poisons, contractors, subcontractors and their employees (in the event that these are considered employees of the Lessor and/or the Management Company), and regarding the employment of minors. The insurance will be extended to include indemnification of the Lessee in the event that it is claimed, regarding the occurrence of any work accident and/or professional illness whatsoever, that it bears any employer's obligations whatsoever towards any of the employees of the Management Company and the Lessor."

Section 17.1 After the words "and any entity acting on their behalf", the following words will be added: "subject to advance coordination with the Lessee".

Section 18.1 Notwithstanding the provisions of this section, it is hereby agreed that the Lessee will be entitled to assign its obligations and rights under this Agreement, as an entire single unit, to an alternative lessee (hereinafter: the "**Alternative Lessee**"), who will continue operating the Leased Property for the Lease Purpose, as defined in this Agreement, for the remainder of the Lease Period in the Leased Property, and for the Lease Period only. The foregoing will apply subject to the stipulation that the identity of the Alternative Lessee will be subject to the advance written approval of the Lessor, in the Lessor's exclusive judgment, and for relevant reasons only. Without derogating from the foregoing, it is hereby clarified that any refusal by the Lessor due to unsuitability of the Alternative Lessee, in light of matters associated with the reputation and/or reliability and/or economic ability of the Alternative Lessee,

will not be considered unjustified refusal.

In the event that the Alternative Lessee has been approved, subject to the foregoing, and without derogating from the Lessee's undertakings under this Agreement, the Alternative Lessee will accept all of the Lessee's obligations and undertakings under this Agreement, and in the Lessor's discretion, will be required to sign a lease agreement in the wording conventionally practiced by the Lessor, under reasonable conditions, according to the conventional practice in the Park at that time, and under commercial terms which will not be inferior to the terms of the Lessee's Lease in accordance with this Agreement. Additionally, the Lessee will pay all handling fees and all expenses spent by the Lessor due to the transfer of the aforementioned rights and obligations. it is hereby clarified that and agreed that in the event that the Alternative Lessee has been approved, as stated above, the Alternative Lessee will not be entitled to transfer its rights to the Leased Property. It is hereby emphasized that, within the framework of the transfer of the rights and obligations, as stated above, in addition to the signing of the Lease Agreement between the Lessor and the Alternative Lessee, a tri-party agreement (between the Lessor, the Lessee and the Alternative Lessee) will be signed, which will set forth the rights to the Leased Property from the Lessee to the Alternative Lessee.

Subject to the signing of the aforementioned tri-party agreement, the Alternative Lessee's signing of a lease agreement, and the full and timely fulfillment of the Lessee's undertakings, until the transfer date of the rights and obligations to the Alternative Lessee — the Lessee will be exempt from its undertakings under this Agreement, beginning on the date of the transfer of the rights and obligations to the Alternative Lessee.

It is hereby agreed that the Lessee will be entitled to allow a sublessee on its behalf (hereinafter: the "**Sublessee**") to make use of all or parts of the additional area. The foregoing will apply subject to the stipulation that the Lessor will provide its advance written consent for the Sublessee and for the scope of the areas which the Lessee will use, in the exclusive judgment of the Lessor, and for relevant reasons only. It is hereby clarified that any refusal by the Lessor regarding the identity of the Sublessee for reasons associated with the reputation and/or economic stability of the Sublessee and/or the unsuitability of the Sublessee to the mix of business in the Park will not be considered unjustified refusal. In the event that the identity of the Sublessee has been approved, subject to the foregoing, and without derogating from the Lessee's undertakings under this Agreement, the Sublessee will accept upon itself all of the obligations and undertakings of the Lessee under this Addendum. For the avoidance of doubt, the Lessor will bear no cost and/or expense and/or liability whatsoever in connection with the Sublessee's use of the additional area, including as regards internal adjustments of the internal area for the purposes of the Sublessee. It is hereby expressly emphasized that the Sublessee's aforementioned lease will be implemented and set forth only upon the signing of a licensee document by the Lessor, the Lessee and the Sublessee, in the wording conventionally practiced by the Lessor, which confers

upon the Lessee the status of "licensee" towards the Lessor, and subject to the fulfillment of its terms.

Section 19.1 The text "the Agreement has been cancelled" will be replaced with the text "the Agreement has been cancelled in the appropriate manner"; the words "sections 3.2 and 12 above" will be replaced with the words "section 12 above".

Section 19.2 In the second paragraph, the words "and it is hereby agreed, regarding any payment of Service Fees, as stated above, delay in vacation of part of one month will be considered delay of an entire month."

Appropriate Service Fees per day will be in a sum equal to the monthly Rent divided by 30.

Section 19.4 After the words "and all expenses associated therewith", the following text will be added: "subject to the presentation of appropriate authorizations".

Section 19.6 It is hereby agreed that between the parties that the exercise of the Lessor's authorities under this section is conditional upon the provision of written notice to the Lessee at least 21 days in advance.

Section 20.1.3 After the words "after their expiration dates", the following words will be added: "subject to the Lessor's provision of written notice regarding the foregoing".

Section 20.2 The following text will be added at the end of the section: "subject to the provision of written notice to the Lessee 7 business days in advance".

Section 20.4 The following text will be added to the beginning of the section: "Subject to the provisions of section 20.2".

Section 20.5 It is hereby agreed that insofar as all receipts and authorizations regarding the execution of the various payments by the Lessee have been presented, before 90 days have passed since the date of return of the Leased Property, the Lessor will return the bank guarantee to the Lessee, as close as possible after the date of receipt of all receipts and authorizations, as stated above.

Section 21 The words "immediately upon its demand" will be replaced with the words "within 14 days after the receipt of its written demand"; the following text will be added at the end of the section: "subject to the presentation of appropriate authorizations".

Section 22 The following text will be deleted: "(unlinked), or linkage differentials due to the increase of the consumer price index, from the date when the Lessee was required to execute the payment to the Lessor, until the actual execution thereof, with the addition of interest of 48% per year.

Notwithstanding the provisions of this section, it is hereby agreed that three

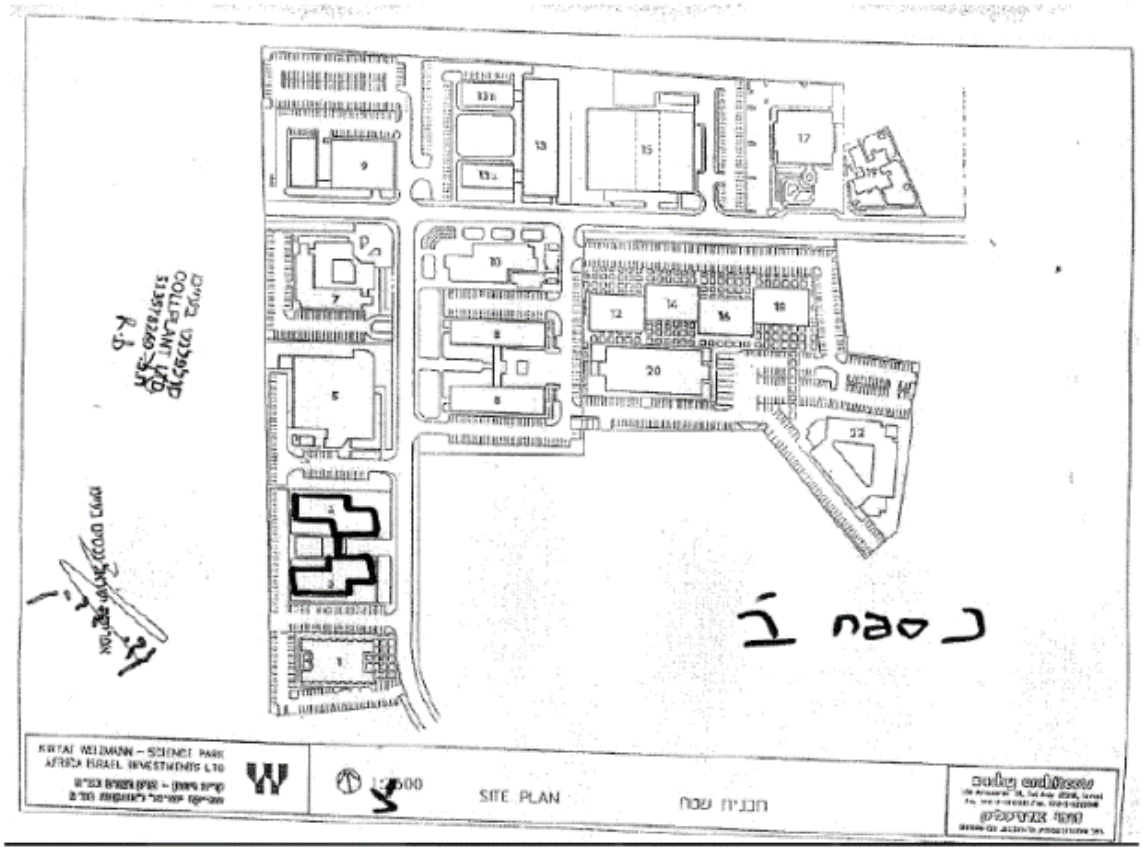
delays of up to five days each on the part of the Lessee in the execution of any payment whatsoever to the Lessor during the Lease Period will not bear interest in arrears. Any arrears beyond the foregoing and/or any arrears in the execution of such payment which exceeds five days will bear interest in arrears with respect to the entire period of arrears, in other words — beginning from the effective date for payment, until the actual payment date.

Section 23.1 Before the words "damages and losses", the following word be added: "proven".

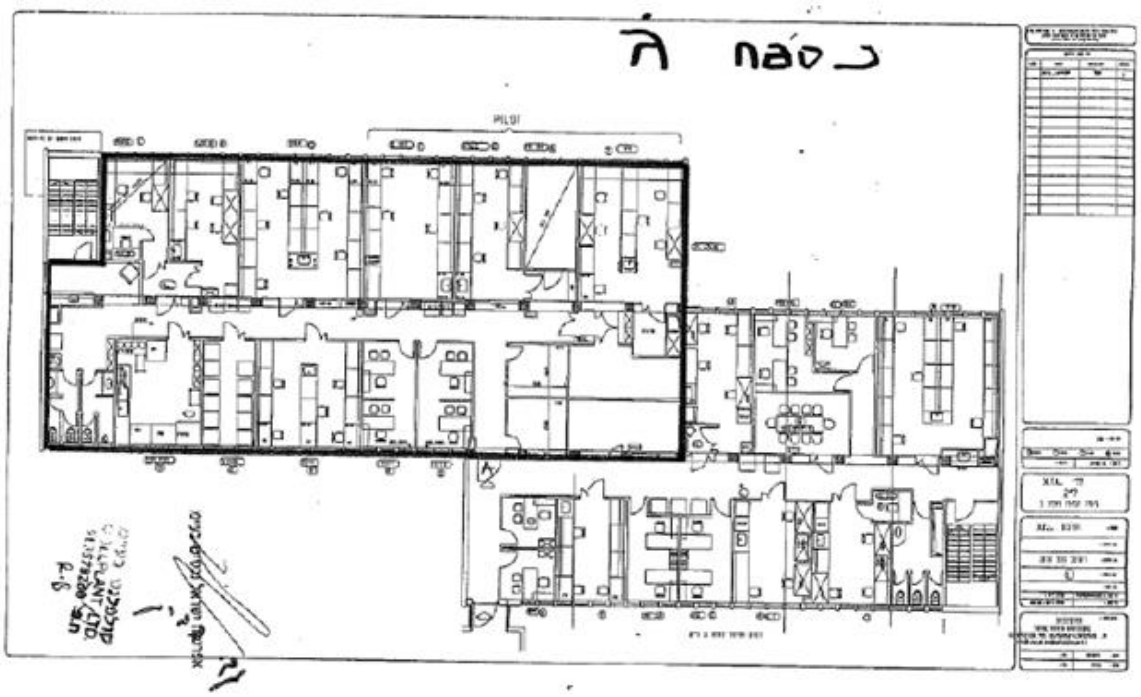
Section 23.2 Before the word "warning", the word "written" will be added; the words "15 days" will be replaced with the words "20 days"; the words "10 days" will be replaced with the words "20 days".

Parking During the Lease Period of the Leased Property, the Lessee will be entitled to make use, for parking purposes only, of 12 Parking Spaces (hereinafter: the "**Parking Spaces**"), which will be allocated to it by the Lessor in the Parking lot in buildings 1-3 of the Park. With respect to each Parking Space, the Lessee will pay to the Lessee an amount in NIS equal to NIS 220 per month, with the addition of duly payable VAT, with this amount being linked to the Base Index. The Lessor will be entitled to change the location of the Parking Spaces from time to time, subject to the provision of advance notice, provided that the alternative Parking Spaces are also located in the aforementioned Parking Lot.

Annex "B" — Site Plan



Annex "C"



Annex "D"

Certificate of Insurance for the Leased Property

Date: _____

Attn.:

Africa Israel Properties Ltd. and/or subsidiaries and/or associate companies and/or consolidated companies

4 Derech HaHoresh St.

Yehud

(Hereinafter, jointly: the "**Lessor**")

Dear Sir/Madam,

Re: **Certificate of Insurance for the Leased Property**

We hereby affirm that we have prepared for (hereinafter: the "**Lessee**") property insurance in connection with section 16 of the agreement between you and the Lessee dated , as specified below, with respect to the property located in Kiryat Weizmann — Science Park in Ness Tziona (hereinafter: the **Leased Property**"), for the period from to (at midnight) (hereinafter: the "**Insurance Period**"), in accordance with the following conditions, where the scope of cover given in accordance with the aforementioned insurance policy does not exceed the scope of cover in accordance with the text of the policy known as "Bit" 2008, or any other text which may come in its place:

1. Property insurance — This policy will insure the full worth and full restatement value of the contents of the Leased Property, the equipment of the Leased Property, the equipment used for the Leased Property which is owned by the Lessee and/or for which the Lessee is responsible and which is located outside to the Leased Property in the area of the Building, as well as any repair, modification, improvement, renovation and addition to the Leased Property which have been performed and/or which will be performed by the Lessee and/or on its behalf, as well as furniture, equipment, facilities and inventories of any kind whatsoever, against the risks conventionally covered under extended fire insurance, including the following risks: loss or damage due to fire, smoke, lightning, explosion, earthquake, riots, strikes, malicious damages, flood, damages due to storms, damage due to vehicles and aircraft, damage due to water and other liquids and the rupture of pipes, damage due to supersonic booms, as well as damages due to collision and break-in.

2. Resultant loss insurance, excluding loss of rent and management fees and parking (if any), which the Lessee has incurred due to the risks specified in subsection 1 above, according to their full value, for a reimbursement period of 12 months.

   The insurance policies specified in subsections 1 and 2 above include an express condition stipulating that the insurer waives any subrogation rights towards the Lessor and/or towards the management company of the Park (hereinafter: the "**Management Company**") and/or their employees and managers, including employees of manpower companies who are employed through invoices, and towards the other lessees and/or other occupants of areas in the Building and/or their employees and managers, whose insurance policies include a clause regarding the waiver of subrogation rights towards the Lessee, provided that the waiver of subrogation rights will not apply towards any person who has caused malicious damages.

3. **Third party liability insurance** — to insure the Lessee's legal liability towards any third party whatsoever, including its guests, invitees, and customers, as well as the Lessor, the Management Company and any other party on their behalf or in their name, with liability limits of $1,000,000 (one million US Dollars) per event and per annual insurance period. This insurance will not be subject to any restriction regarding liability due to fire, explosion, panic, lifting, loading and unloading devices, defective sanitary facilities, strike and lockdown, liability due to and towards contractors and subcontractors (of any rank) and their employees, poisoning, any harmful substances in food or beverage, as well as claims from the National Insurance Institute. The install will be extended to include indemnification of the Lessor and the Management Company as additional insurants, subject to a cross liability clause, according to which the insurance will be considered as if it has been prepared separately for each individual in the insurant, and including specification that the Lessor and the Management Company are not responsible for the payment of any premiums whatsoever, with respect to their liability as the owner and/or manager of the Leased Property, and with respect to their liability for the actions and/or omissions of the Lessee and/or any other party on its behalf.

4. **Employers' liability insurance** with respect to the Lessee's liability towards all employees employed by it, with liability limits of $5,000,000 (five million US Dollars) per event and per annual insurance period. This insurance will not include any restriction regarding contractors, sub contractors and their employees (in the event that these are considered employees of the Lessee), work hours, poisons and baits, and regarding the employment of minors, in accordance with the provisions of the law. This insurence will be extended to include indemnification of the Lessor and/or the Management Company, in the event that these are considered employers of all or any of the Lessee's employees.

We hereby affirm that the aforementioned insurance policies take precedence over any insurance policy which has been prepared by the Lessor and/or the Management Company, and we hereby waive any demand or claim regarding the involvement of the insurance policies of the Lessor and/or the Management Company. We further undertake that the insurance and the policy will not be reduced,

and will not be cancelled, during the Insurance Period, unless written notice has been sent to you, via registered mail, 30 days in advance.

Subject to the terms and reservations specified in the original policy, insofar as these have not been expressly modified in accordance with the foregoing.

Sincerely,

Signature of the Insurer

Annex "D1"

Certificate of Insurance for Construction Works

Date: _____

Attn.:

Africa Israel Properties Ltd. and/or subsidiaries and/or associate companies and/or consolidated companies (hereinafter: the " **Lessor**")

4 Derech HaHoresh St.

Yehud

Dear Sir / Madam,

Re: **Certificate of Insurance for Construction Works**

We hereby affirm that we have prepared for (hereinafter: the "**Lessee**") insurance for construction works, as specified in section of the agreement between you and the Lessee dated , as specified below, with respect to the Construction Works in the Leased Property located in Kiryat Weizmann — Science Park (hereinafter: the **Leased Property**"), for the period from to (at midnight) (hereinafter: the "**Insurance Period**"),

This insurance policy has been prepared in the name of the Lessee, the Lessee's contractors and sub contractors, the Lessor and the Management Company of the Science Park (hereinafter: the "**Management Company**") (hereinafter, jointly: the "**Individuals of the Insurant**"), and includes the following insurance chapters, where the scope of cover given under the aforementioned insurance will not fall below the scope of cover given in accordance with the text of the policy known as "Bit" 2008, or any other text which may come in its place:

1. Chapter 1 — "All risks" insurance, covering the entire value of all performed works and of all repairs, renovations, improvements, modifications and additions which will be performed in the Leased Property, as well as insurance for property located nearby the property on which the works are performed, up to a total of $100,000 (five hundred thousand US Dollars) *[Translator's Comment- inconsistency in original document]* per event and per annual insurance period.

   This chapter includes a clause specifying a waiver of subrogation rights towards the Lessor and/or the Management Company and/or their employees and managers, including employees of manpower companies who are employed by the Lessor and/or the Management Company, through invoices, and corporate officers or companies under their control who are hired

through invoices, and also towards lessees and/or occupants of areas in the Park, and their employees and managers, whose insurance policies include a corresponding clause regarding the waiver of subrogation rights towards the Lessee, provided that the waiver of subrogation rights will not apply towards any person who has caused malicious damages.

2. Chapter 2 — Third party liability insurance, with liability limits of $1,000,000 (one million US Dollars) per event and per annual insurance period.

   This chapter includes the Lessor and the Management Company as additional insurants, and is subject to a cross liability clause, stipulating that the insurance will be considered as if it had been prepared separately for each individual in the insurant. It is hereby expressly clarified, for the avoidance of doubt, that the property of the Lessor and/or the Management Company will be considered third party property for the purpose of this chapter.

3. Chapter 3 — Employers' liability insurance with respect to liability towards employees, contractors and subcontractors who are hired in the performance of the works, with liability limits of $5,000,000 (five million US Dollars) per event and per annual insurance period.

This insurance does not include any restriction regarding contactors, subcontractors and their employees, or regarding work hours and the employment of minors.

We hereby affirm that these insurance policies take precedence over any insurance policy which has been prepared by the Lessor, and we further undertake that the insurance and the policy will not be reduced, and will not be cancelled, during the Insurance Period, unless written notice has been sent to you, via registered mail, 30 days in advance.

Subject to the terms and reservations specified in the original policy, insofar as these have not been expressly modified in accordance with the foregoing.

Sincerely,

Signature of the Insurer

Annex "E"

Policy Regarding Heat Works

1. Waste materials, empty boxes, cases and wood and paper waste materials will be removed from the Leased Property by the Lessee on a daily basis, and will be store at a safe distance from the Leased Property, in areas designated for this purpose inside the Park.

2. "Heat works" will not be performed in the area of the Leased Property within a radius of 10 meters from any inflammable materials whatsoever, in any manner which is not in accordance with the policy specified below:

   2.1. The term "heat works" means the performance of any works which involve the use of welding and/or cutting using heat and/or which involves the use of open fire.

   2.2. Any contractor or subcontractor whose work involves the performance of heat works will appoint a supervisor (hereinafter: the "Supervisors"), who will be responsible for ensuring that heat works are not performed in any manner other than as specified in this policy.

   2.3. Before commencing the performance of any heat works whatsoever, the Supervisor will survey the area in which heat works are intended for purchase, and will verify the removal of all inflammable materials, of any kind whatsoever, located within a min radius of 10 meters from the location where the heat works will be performed, where fixed inflammable materials, which cannot be moved, will be covered with a non-flammable cover.

   2.4. The Supervisor will appoint a person who will be designated as a fire watchman (hereinafter: the "**Fire Watchman**"), who will be equipped with fire extinguishing equipment as appropriate for the inflammable material located in the area for the performance of heat works (but not less than two properly functioning 6 kg. fire extinguishers during the performance of welding works). The sole role of the Fire Watchman will be to observe the performance of heat works, and to immediately extinguish any fire which may be caused due to the heat works.

   2.5. The Fire Watchman will be present in the location for performance of the heat works from the start of their performance until at least 30 minutes after their conclusion, in order to verify that no sources of fire remain.

Text of Bank Guarantee

Attn.:

Africa Israel Properties Ltd.

4 Derech HaHoresh St.

Yehud

Dear Sir / Madam,

Re: **Bank Guarantee**

At the request of (hereinafter: the "**Lessee**"), we hereby undertake and guarantee towards you, on behalf of the Lessee, to pay any

amount, up to the limit of NIS , linked to the consumer price index (including fruits and vegetables), as published by the Central Bureau of Statistics, where the Base Index will be the index for the month of in the year (hereinafter: the "**Guarantee Amount**"), in connection with securing the Lease Agreement between you and the Lessee, and to secure the vacation of the Leased Property in accordance with the provisions of the aforementioned lease agreement.

We hereby undertake to pay to you any amount which will be demanded by you, up to the Guarantee Amount, immediately upon your first written demand, and no later than two business days after the date of the demand, with no requirement for you to provide reasons or grounds for your demand.

You will be entitled to demand from us payment of the Guarantee Amount in full, or to demand from us, from time to time, payment of amounts on account of the Guarantee Amount, and in the foregoing case, after each payment, the Guarantee will remain in effect regarding the remaining amounts of the Guarantee, provided that the sum total of all your demands will not exceed the total Guarantee Amount.

This Guarantee will be in effect, in its entirety, until at 12:00 o'clock, and in general, and any demand issued in accordance herewith must be submitted no later than the foregoing date.

Bank

Annex G — Maintenance and Other Services *

The maintenance company in the Kiryat Weizmann Science Park provides maintenance services for the public areas. The set of provided services includes the following maintenance services:

1. Routine daily cleaning of the area around the buildings.
2. Routine cleaning of public areas inside the building.
3. Routine cleaning of public restrooms (if any).
4. Routine cleaning of the parking lots.
5. Removal of waste (excluding exceptional waste).
6. Removal of cardboard items.
7. Removal of trees and trimmings.
8. Maintenance of the external water system.
9. Maintenance of the public sewage systems.
10. Maintenance of public electrical systems and street lighting.
11. Annual thermographic tests of public / main power boards.
12. Maintenance of sidewalks.
13. Routine maintenance of signage systems in public areas.
14. Maintenance of electrical gate systems.
15. Gardening, including maintenance, installation and replacement of plants, grass and trees.
16. Rental of security and guard services for the public areas, including hotline services.
17. Maintenance services for the air conditioning systems which are currently installed in the Leased Property as of the commencement date of the Lease, provided that no modification is implemented to them by the Lessee and/or by any other party on its behalf. For the avoidance of doubt, the handling, repair and maintenance of any air conditioning equipment and/or of the air conditioning units which may be installed by the Lessee in the Leased Property will be performed by the Lessee, and at the Lessee's exclusive liability and expense.
18. Maintenance of elevators and performance of periodic tests.
19. Maintenance of fire detection systems in the public areas.
20. Handling of fixed and mobile fire extinguishing systems in public areas.
21. Maintenance of buildings, both internal (public areas) and external.
22. Maintenance and repairs of sanitation equipment, waste containers, compressors, etc.

The provisions specified above are subject to the provisions of [*handwritten correction, including signatures:]* the lease agreement which will be signed between the parties.

Collplant Holdings Ltd.
(Formerly — Portfolio Green Ltd.)
Summary Consolidated Statements of Cash Flows
For the 6 Month and 3 Month Periods Ended June 30, 2010

	3 Months Ended June 30		6 Months Ended June 30		Year Ended December 31
	2010	2009*	2010	2009*	2009*

		(Unaudited) Thousands of NIS			(Audited)
Cash flows from operating activities:					
Net cash used in activities (see annex)	(9,429)	(6,911)	(5,425)	(3,987)	(11,450)
Interest received in cash	11	56	10	52	54
Net cash used in operating activities	(9,418)	(6,855)	(5,425)	(3,935)	(11,396)
Cash flows from investing activities:					
Acquisition of fixed assets	(699)	(293)	(200)	(197)	(624)
Sale of fixed assts	10				
Acquisition of software programs		(7)			(5)
Sale of assets at fair value through profit and loss		1,307		1,307	1,299
Net cash from investing activities (used in investing activities)	(689)	1,007	(200)	1,110	670
Cash flows from financing activities:					
Receipts due to reverse acquisition	13,230		13,230		
Exercise of options to employees	482		482		
Net cash from financing activities	13,712	—	13,712	—	—
Increase (decrease) in cash and cash equivalents	3,605	(5,848)	8,097	(2,825)	(10,726)
Balance of cash and cash equivalents at start of period	13,568	24,023	8,851	22,720	24,023
Profit (loss) from linkage differentials with respect to cash	437	1,441	662	(279)	271
Balance of cash and cash equivalents at end of period	17,610	19,616	17,610	19,616	13,568
Additional information -					
Income tax received (paid)	(15)	26	—	26	—

*Restated, see Note 1C.

The attached notes constitute an inseparable part of these summary financial statements.

Collplant Holdings Ltd.
(Formerly — Portfolio Green Ltd.)
Summary Consolidated Statements of Cash Flows
For the 6 Month and 3 Month Periods Ended June 30, 2010

	3 Months Ended June 30		6 Months Ended June 30		Year Ended December 31
	2010	2009*	2010	2009*	2009*
	(Unaudited) Thousands of NIS				(Audited)
Cash flows from operating activities:					
Net cash used in activities (see annex)	(9,429)	~~5,470~~ (6,911)	(5,425)	~~4,266~~ (3,987)	(11,450)
Interest received in cash	11	56	10	52	54
Net cash used in operating activities	(9,418)	~~5,414~~ (6,855)	(5,425)	~~4,214~~ (3,935)	(11,396)
Cash flows from investing activities:					
Acquisition of fixed assets	(699)	(293)	(200)	(197)	(624)
Sale of fixed assts	10				
Acquisition of software programs		(7)			(5)
Sale of assets at fair value through profit and loss		1,307		1,307	1,299
Net cash from investing activities (used in investing activities)	(689)	1,007	(200)	1,110	670
Cash flows from financing activities:					
Receipts due to reverse acquisition	13,230		13,230		
Exercise of options to employees	482		482		
Net cash from financing activities	13,712	—	13,712	—	—
Increase (decrease) in cash and cash equivalents	3,605	~~4,407~~ (5,848)	8,097	~~3,104~~ (2,825)	(10,726)
Balance of cash and cash equivalents at start of					

period	13,568	24,023	8,851	22,720	24,023
Profit (loss) from linkage differentials with respect to cash	437	1,441	662	(279)	271
Balance of cash and cash equivalents at end of period	17,610	19,616	17,610	19,616	13,568
Additional information -					
Income tax received (paid)	(15)	26	—	26	—

Addendum to the Unprotected Lease Agreement

Drafted and signed in Ness Tziona on May 20, 2010

Between

Africa Israel Properties Ltd.
Of 4 Derech HaHoresh Rd., Yehud
(Hereinafter: the "**Lessor**")

Of the first part;

And

Collplant Ltd.
Reg. Co. No. 513578260
Of Kiryat Weizmann Science Park
Ness Tziona, 76362
(Hereinafter: the "**Lessee**")

Of the second part;

Whereas: The Lessee is leasing from the Lessor various areas, with a total gross area of approximately 605 square meters, in building no. 3 in Kiryat Weizmann Science Park (hereinafter, respectively: the "**Leased Property**"; the "**Building**"; and the "**Park**"), by virtue of the unprotected lease agreement which was signed between the Lessor and the Lessee on June 19, 2009 (hereinafter: the "**Original Lease Agreement**"), which was amended and extended through an addendum dated August 6, 2008 (the Original Lease Agreement, including the addenda thereto, shall hereinafter be referred to as: the "**Lease Agreement**"); and

Whereas: The Lessee has submitted to the Lessor a request to lease, through an unprotected lease, an additional area in the Building, in accordance with the terms of the Lease Agreement, *mutatis mutandis*; and

Whereas: The Lessor has agreed to the Lessee's aforementioned request, in accordance with the specifications and stipulations specified below in this Addendum:

[Signature]

Now therefore, the parties have agreed, warranted and stipulated between them as follows:

1. The preamble to this Agreement and its annexes constitute an inseparable par hereof.

2. The Lessee hereby leases from the Lessor, and the Lessor hereby leases to the Lessee, an area in the ground floor of the Building, with a gross area of 106 square meters (including loading with respect to shared use of common areas in the Building), with the borders marked in red in the diagram which is attached hereto as Annex "**A**" (hereinafter: the "**Additional Area**").

3. The Lease Period with respect to the Additional Area will commence on May 15, 2010 (hereinafter: the "**Transfer Date**"), and will conclude on August 18, 2013 (hereinafter: the "**Lease Period**"). On August 18, 2013, the Lease Period with respect to the Additional Area will conclude, and the provisions of the Lease Agreement will apply with respect to the termination of the Lease and the vacation of the Leased Property, *mutatis mutandis*, with respect to the Additional Area.

4. Rent and Service Fees with respect to the Additional Area

   4.1. The rent with respect to the Additional Area during the Lease Period for the Additional Area will amount to a total of NIS 5,724 per month (calculated according to NIS 54 per gross square meter of the area in the Additional Area), with this amount being linked to the consumer price index (general index) which was published on July 15, 2008, with respect to June of 2008 (108.8 points, 2002 base), and with the addition of duly payable VAT.

4.2. The Service Fees which the Lessee will pay with respect to the Additional Area will be as conventionally practiced from time to time in the Building, and will be performed with the addition of duly payable VAT and linkage to the Index, according to the conventional practice in the Building.

4.3. The Rent and the Service Fees which will be paid by the Lessee to the Lessor with respect to the Additional Area will be paid on the dates and in the manner set forth in the Lease Agreement.

5. The Lessee will bear the payment of all taxes, fees and levies which will apply with respect to the Additional Area and which apply to an occupant and/or user and/or lessee, in accordance with law and/or common practice, including, and without derogating from the generality of the foregoing, municipal taxes, electricity, telephone, gas, communication, water, etc. It is hereby clarified that that the municipal taxes with respect to the Additional Area and with respect to its share of the public areas will apply to the Lessee, and will be paid by the Lessee, including if it is determined in law that the municipal taxes applies to the owner.

6. For the avoidance of doubt, it is hereby clarified that the Additional Area will be transferred to the Lessee in its current condition ("as is"), on the Transfer Date, and the Lessor is not obligated to perform any work and/or renovation and/or improvement in the Additional Area.

7. The Lessee hereby declares and affirms that the Lessor's consent to engage with it in the Addendum, in connection with the Additional Area, has been given based on the Lessee's fundamental undertakings, as specified below (cumulatively):

7.1. To obtain, at its own expense and responsibility, all licenses and permits which are required by law in order to operate its business and to perform all of its activities in the Additional Area.

7.2. To comply with the safety rules which are required by law and with the instructions issued by any authority, and to comply with the instructions issued by the safety consultants on behalf of the Lessor.

For the avoidance of doubt, it is hereby expressly emphasized that the non-fulfillment of the Lessee's fundamental undertakings, as specified in sections 7.1 and 7.2 above, in a full and timely manner, will constitute a fundamental breach of the Lease Agreement and of this Addendum, and in the foregoing case, the Lessor will be entitled to cancel this Addendum, and to demand the Lessee to vacate the Additional Area, without derogating from all other remedies which are available to the Lessor under the Lease Agreement and this Addendum, and by law.

8. It is hereby clarified that and agreed that insofar as the Lessee desires to perform, in the Additional Area, various construction and/or adjustment works, all of the aforementioned construction and/or adjustment works will be performed by the Lessee and at the Lessee's expense and liability. It is hereby clarified that all of the aforementioned construction and/or adjustment works which will be performed subject to and in accordance with the provisions of the Lease Agreement with respect to the performance of works in the Leased Property, *mutatis mutandis* with respect to the Additional Area, and particular subject to the stipulation that the Lessee will obtain the Lessor's written consent for the performance of the aforementioned works, in accordance with the Construction Works which the Lessee will submit to the Lessor's consultants for approval.

9. It is hereby clarified and agreed that insofar as demand will be received from the Lessor and/or from a competent authority in accordance with the law (hereinafter: the "**Competent Authority**") to perform, in the Additional Area, works in connection with the installation of fire extinguishing systems in and/or outside of the Additional Area, the Lessee will perform independently, at its own expense and liability, works required to install pipes, sprinklers and detection systems inside the Additional Area, in an internal location which will be determined in coordination with the Lessor's consultants and/or any other works which will be required by the competent authority, in coordination with the Lessor, through a licensed contractor whose identity will be approved in advance and in writing by the Lessor. The connection of sensors to the central detection and extinguishing system will be performed by the Lessee, and at the Lessee's expense and liability,

through a licensed contractor whose identity will be approved in advance and in writing by the Lessor. The Lessee will be responsible for adjusting the system of secondary pipes, sprinklers and fire detectors in the area of the Additional Area, including planning the aforementioned adjustment. The water supply pipes leading up to the sprinklers, until the entrance to the Additional Area (including an emergency water reservoir) will be installed by the Lessor and at the Lessor's expense.

10. The Lessee hereby declares and undertakes that it will make available and furnish to the Lessor, within 3 business days after the signing of this Addendum, or until 3 days before the Transfer Date (whichever is earlier), an autonomous bank guarantee, in accordance with the provisions of the Lease Agreement, exercisable in installments, in an amount equal to the Rent, the Service Fees and VAT with respect to the foregoing, for 9 months lease of the Additional Area (hereinafter: the "**Supplementary Guarantee**"). The amount of the Supplementary Guarantee will be linked to the consumer price index which was published on July 15, 2008, with respect to June 2008 (108.8 points, 2002 base). The Supplementary Guarantee will be used, together with the other securities which have been furnished to the Lessor, to secure the Lessee's undertakings towards the Lessor in accordance with the Lease Agreement and in accordance with this Addendum.

11. Any failure to furnish the Supplementary Guarantee on the date specified in section 10 above and/or any failure to furnish to the Lessor

the appropriate authorizations with respect to the preparation of the insurance policies specified in section 12 below **will constitute a fundamental breach of the Lease Agreement and of this Addendum, for all intents and purposes, including regarding the exercise of the remedies which are available to the Lessor in accordance with the Lease Agreement.**

12. The Lessee declares and undertakes that it will maintain the validity of the insurance policies in accordance with its undertakings under the Lease Agreement and under this Addendum, in a manner whereby they will apply to the Lessee's lease of the Agreement, throughout the entire Lease Period of the Additional Area, and will furnish to the Lessor, by the signing date of this Addendum, on authorization of the foregoing, signed by the insurer.

13. Parking

    13.1. In addition to the Parking Spaces which are being used by the Lessee in accordance with the Lease Agreement, the Lessee will be entitled to make use, for parking purposes only, in accordance with the provisions of the Lease Agreement and of this Addendum, of 3 Parking Spaces, located in the Parking lot of building 3 of the Park, which will be allocated to it by the Lessor (hereinafter, respectively: the "**Parking Spaces**" and the "**Parking Lot**").

    The usage rights with respect to the Parking Spaces will commence on May 1, 2010 and will conclude on the termination date of the Lessee's lease of the Additional Area in accordance with this Addendum (hereinafter: the "**License Period**"). Notwithstanding the foregoing, it is hereby agreed between the parties that the Lessor will be entitled to cancel, at any time

during the License Period, the usage rights with respect to one Parking Space out of the Parking Spaces, in its excusive judgment, and after issuing notice regarding the foregoing to the Lessee (hereinafter: the "**Notice**"). In the event that the Notice has been given, the Lessee will vacate and will cease all use of the Parking Spaces within 14 days after the provision of the Notice.

    13.2. It is hereby clarified that the Parking Fees which will be paid with respect to the Parking Spaces, as specified below, will be paid with respect to the right to use the Parking Spaces only, and not for security or the provision of other services to the Lessee and/or for the vehicles which will park in the Parking Spaces. By signing this Addendum, the Lessee affirms that it is aware that the Lessor does not provide security services of any kind in the Parking lot. The Lessee hereby exempts the Lessor from any responsibility to provide security for the vehicles which will park in the Parking Spaces, and the provisions of the Bailees Law, 5727-1967, will not apply to this Addendum.

    13.3. It is hereby agreed that the Lessor will be entitled to modify, from time to time, and in its exclusive judgment, the location of the Parking Spaces, and the Lessee will have no claim and/or demand and/or suit with respect to the modification of the location of the aforementioned Parking Spaces.

    13.4. The Lessee will bear all taxes and fees which apply to the Parking Spaces, if any, including and without derogating from the foregoing, the payments of municipal taxes with respect to the Parking Spaces.

    13.5. The Lessee and/or its representatives undertake to fulfill all instructions issued by the Lessor and/or by any other party on its behalf with respect to the management and operation of the Parking lot, parking and traffic arrangements in the Parking lot, etc. — including instructions which will be posted, from time to time, in the Parking lot, through signs and/or by any other means.

    13.6. For the avoidance of doubt, the Lessor and/or any representatives thereof and/or any entity and/or person employed by it and/or operating on its behalf will not be liable for any harm, theft, damage, loss or destruction, of any kind whatsoever, and/or for any reason whatsoever, which has been caused to the Lessee and/or to any other party on its behalf, to a vehicle and/or to any other person or property in the area of the Parking lot.

    13.7. With respect to the use of each one of the 3 Parking Spaces, the Lessee will pay to the Lessor a total of NIS 220 per month (i.e., 220X3), with this amount being linked to the consumer price index (general index) which was published with respect to June 2008 (108.8 points, 2002 base), and with the addition of duly payable VAT.

The Parking Fees will be paid in advance with respect to each quarter during the License Period, on the first business day of each quarter, as stated above, through a letter of permission to charge the Lessee's account, which has been furnished to the Lessor in accordance with the provisions of the Lease Agreement.

    13.8. The payment of Parking Fees, as specified in subsection 13.7 above, shall not derogate from any other charge and/or payment which is owed to the Lessor with respect to the Lease and/or use and/or any other undertaking of the Lessee in connection with additional areas and/or Parking Spaces in the Park.

14. Save for the issues expressly specified and arranged in this Addendum, the lease of the Additional Area in accordance with this Addendum will be subject to all of the provisions of the Lease Agreement.

15. All of the terms which have been used in this Agreement will be interpreted according to the definition provided for them in the Lease

Agreement, except if expressly determine otherwise in this Addendum, or if required in light of the applicable context.

In witness whereof, the parties have signed, in the location and on the date specified in the heading of this Addendum:

	[Signature and Stamp of Collplant Ltd., Reg Co. No. 513578260]
The Lessor	**The Lessee**
[Signature]	

Draft (Horn & Co.) - September 30, 2009

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this **"Agreement"**) is made and entered into on this day of October, 2009, by and between CollPlant Ltd., a company organized under the laws of the State of Israel (the **"Company"**) and Yehiel Tal, Israel I.D No. XXXXXXX, residing at 2 Hamaish St., Zichron Yaakov, 30900, Israel **("Employee"**. The Company and Employee shall be sometimes referred to each as a **"Party"** and collectively as the **"Parties"**).

WHEREAS, the Company desires to employ Employee on the terms and conditions set forth herein and Employee desires to be employed by the Company and enter into this Agreement on such terms and conditions;

NOW, THEREFORE, in consideration of the mutual undertakings of the Parties, it is hereby agreed as follows:

1. DUTIES AND RESPONSIBILITIES

1.1 Commencing as of , 2009 (the **"Effective Date"**), Employee shall be employed by the Company as its Chief Executive Officer (the **"Position"**).

1.2 Within the scope of the Position, Employee shall report to the Board of Directors of the Company (the **"Board"**), and shall perform such duties and activities as are customarily performed by an executive chief officer of a company operating in the Company's field and as shall be directed from time to time by the Board.

1.3 Employee shall be employed on a full-time basis. Except as specifically agreed in advance and in writing by the Company, so long as Employee is employed by the Company, Employee shall devote his entire working time and best efforts to the business and affairs of the Company and the performance of his duties hereunder, and shall not undertake or accept any other employment or paid occupation. Employee may, however, engage in any noncommercial activity, *provided, however,* that such activity does conflict with the interests of the Company or the fulfillment of Employee's duties and obligations hereunder.

1.4 Employee acknowledges and agrees that the performance of his duties may also require travel outside of Israel, at the Company's request and expense.

2. EMPLOYEE REPRESENTATIONS AND WARRANTIES

Employee hereby represents and warrants to the Company as follows:

2.1. Employee has the necessary skills, knowledge, ability, expertise and experience to fulfill his obligations hereunder, shall do so diligently, professionally and conscientiously and shall comply with the regulations and procedures of the Company.

2.2. The execution and delivery of this Agreement and the fulfillment of the terms hereof will constitute the valid, binding and enforceable obligations of Employee and will not violate, conflict with or constitute a default under or breach of any agreement and/or undertaking and/or instrument, judgment or order to which the Employee is a party or by which he is bound, or any provision of law, rule or regulation applicable to Employee, and do not require the consent of any person or entity. In the performance of Employee's obligations hereunder, Employee will not make use of (i) any confidential or proprietary information belonging to any third party, or (ii) any information to which Employee is restricted from disclosing or using due to contractual undertakings or by law.

2.3. Employee shall notify the Company immediately and without delay of any matter, which might constitute a conflict of interests with Employee's position with the Company, the performance of his duties and responsibilities pursuant to this Agreement and/or or with the best interests of the Company.

2.4. Employee will not accept, whether during the term of this Agreement or at any time thereafter, directly or indirectly, any payment, benefit and/or other consideration, from any third party, in connection with or arising from Employee's employment with the Company, without the Company's prior written authorization.

3. SALARY AND BENEFITS

In full consideration for Employee's services hereunder, Employee shall be entitled to the following payments and benefits, effective as of the Effective Date:

3.1 Salary

3.1.1 The Company shall pay Employee a monthly gross salary of NIS 50,000 (the **"Salary"**). Following the consummation of an equity investment in the Company of at least US$ 2 million by new third-party investors, the Salary shall be

increased by 10% to NIS 55,000.

3.1.2 The Salary shall be payable monthly in arrears, in accordance with the Company's usual practice, by the 9th day of the following calendar month.

3.1.3 It is agreed between the Parties that the position that Employee holds within the Company is a management position, which demands a special level of loyalty, and accordingly, the Work Hours and Rest Law (1951) shall not apply to Employee's employment by the Company and this Agreement. If however, Employee or anyone on his behalf (including heirs) claims the applicability of such law to Employee's employment with the Company, the Company and Employee agree that the Salary payable to Employee shall be reduced to the amount equal to 85% of the Salary, retroactive to the Effective Date, and Employee shall return any excess payment thereupon, along with lawful interest and linkage differentials with respect thereto. Employee further acknowledges that the compensation payable hereunder includes benefits that would otherwise not be due to Employee pursuant to applicable law.

3.2 Manager's Insurance

3.2.1 The Company shall insure Employee under an accepted Manager's Insurance Policy (the **"Policy"**), and shall pay an amount equal to (i) 8.33% of the Salary on account of severance pay payable to Employee upon severance in accordance with the provisions of this Agreement; and (ii) 5% of the Salary towards pension fund payments, subject to the deduction of 5% of the Salary to be paid towards the Policy on behalf of Employee. In addition, the Company shall pay an amount equal to 2.5% of the Salary towards disability insurance in favor of Employee.

3.2.2 Employee may extend an existing policy or plan and/or incorporate it into the Policy, at Employee's discretion. In the event the Employee elects to be insured under a pension plan, the allocations set forth in Section 3.2.1 above shall be adjusted in accordance with the pension plans policies', *provided, however*, that in any event payments by the Company shall not exceed the amounts set forth in Section 3.2.1 above.

3.2.3 During Employee's employment period with the Company, the Company shall be the sole owner of the Policy. Other than as set forth below, in the event of a

termination of this Agreement, the Company shall transfer the title in and to the Policy to Employee.

3.2.4 The Company and Employee agree and acknowledge that transfer of ownership of the severance portion of the Policy to the Employee as set forth in Section 3.2.3 above shall be in lieu of and not in addition to any entitlement of the Employee under any applicable law or this Agreement to severance pay, according to the General Approval of the Minister of Labor and Welfare, regarding *Employers' Payments to Pension Funds and Insurance Policies in Lieu of Severance Pay in Accordance with Section 14 of the Severance Pay Law 1963,* attached hereto as **Exhibit A** (the **"General Approval"**). Accordingly, the Company hereby waives any rights to said payments made to the Policy, except as set forth in the General Approval.

3.3 Education Fund (*Keren Hishtalmut*)

3.3.1. The Company shall pay an amount equal to 7.5% of the Salary to an Education Fund (*Keren Hishtalmut*) designated by the Employee (the **"Education Fund"**), and shall deduct from the Salary an amount equal to 2.5% of the Salary on behalf of Employee, and shall pay such amounts to the Education Fund.

3.3.2. All contributions and amounts under this Section 3.3 shall not exceed tax exempt amounts pursuant to the Israeli Income Tax Ordinance and the regulations thereunder, whereupon such amounts shall be decreased accordingly.

3.4 Annual Recreation Allowance. Employee shall be entitled to twelve (12) days' annual recreation allowance (*Dmei Havra'a*), payable according to applicable law and Company practices.

3.5 Vacation

3.5.1. Employee shall be entitled to twenty one (21) paid vacation days (business days) for each calendar year of work, on a pro-rata basis (the **"Vacation Days"**). Each leave shall be coordinated with the Company in advance, with adequate regard to its needs.

3.5.2. Accumulation and redemption of any unused Vacation Days due to Employee pursuant to the Annual Vacation Law - 1951 (the **"Vacation Law"**), shall be subject to the provisions of the Vacation Law.

3.5.3. Vacation Days exceeding such number of Vacation Days due to Employee pursuant to the Vacation Law from time to time (the **"Excess Vacation Days"**), may be accumulated by Employee from time to time for use during the next two (2) years, *provided*, *that,* in any event, the number of Excess Vacation Days Employee may accumulate shall not exceed twice (x2) the Vacation Days.

3.5.4. Accrued Vacation Days shall be redeemed and paid for by the Company only upon termination of Employee's employment, up to the maximum number permitted by law..

3.6 Sick Leave. Employee shall be entitled to paid sick leave pursuant to applicable law, except that payment shall be made

effective as of the first day of absence. Payments by the Company of sick leave days in connection with disability payments shall be set-off against payments received by Employee pursuant to Section 3.2 above.

3.7. Company Car

3.7.1 The Company shall make available to Employee a leased Company car (the **"Company Car"**). The Company Car shall be of a "level 4" type car as available to the Company pursuant to its respective lease agreement(s) from time to time.

3.7.2 The Company Car shall be placed with Employee for his business and reasonable personal use and for the use of his immediate family members, in accordance with the Company's respective lease agreement(s) from time to time. Employee shall take good care of the Company Car and ensure that the provisions of the insurance policy, the lease agreement and the Company's rules relating to the Company Car are strictly, lawfully and carefully observed.

3.7.3 Subject to applicable law, the Company shall bear all fixed and ongoing expenses relating to the Company Car and to the use and maintenance thereof, *excluding* fines and expenses (including legal expenses) incurred in connection with violations of law or the insurance policy, which shall be borne and paid solely by Employee. In addition, Employee shall bear the cost of any deductible amount charged from the Company for damages caused to the Company Car in connection of its use contrary to the insurance policy or in connection with violations of law. Employee shall indemnify and/or reimburse the Company, upon its first demand, for all charges paid and expenses incurred by it in connection with any of the above.

3.7.4 Employee shall bear the taxes applicable to him in connection with the Company Car and the use thereof, in accordance with applicable income tax regulations.

3.8 Company Phone.

3.8.1. The Company shall provide Employee with a cellular telephone (the **"Company Phone"**), and shall bear the costs and expenses associated with the use of the Company Phone for the fulfillment of his duties hereunder, *provided that* Company rules and procedures in respect thereof are observed.

3.8.2. Employee shall bear any and all taxes applicable to him in connection with the Company Phone and the use thereof, in accordance with income tax regulations applicable thereunder.

3.9 Expenses. The Company will reimburse Employee, against receipts, for reasonable expenses incurred by Employee in the performance of Employee's duties pursuant to this Agreement.

3.10 Incentive Plan.

3.9.1. Employee shall be entitled to receive an option to purchase up to an aggregate of 12,620 Ordinary Shares of the Company, par value 0.1 NIS each (the **"Option"** and the **"Shares"**, respectively).

3.9.2. The Option shall be granted pursuant to the terms and conditions of the Company's 2004 Israeli Share Option Plan (or other share incentive plan adopted by the Board from time to time) (the **"Option Plan"**) and subject to the execution of an option agreement thereunder.

3.9.3. The Option shall be exercisable at a price per Share equal to US$ 50.00. However, upon the earlier to occur of (i) the consummation by the Company of an IPO or a Transaction (as such terms are defined in the Option Plan); and (ii) the second (2nd) anniversary of employment hereunder, the Option's exercise price shall be reduced to NIS 0.10 per Share (par value).

3.9.4. The Option shall be subject to a four (4)-years vesting schedule, such that 25% of the Shares shall vest upon Employee's first anniversary of employment and the remaining 75% in twelve (12) substantially equal portions at the end of each three (3)-month period thereafter, *provided*, that Employee continues to be engaged by the Company

hereunder upon such vesting dates. Notwithstanding the above and the provisions of Section 9.1 of the Option Plan, if the Company consummates an IPO or a Transaction (as such terms are defined in the Option Plan), any unvested portion of the Option shall vest as of immediately prior to the consummation of such transaction.

3.11 Bonus Payments.

3.11.1 Annual Bonus. The Board shall annually consider the grant of annual Bonus payments (the **"Bonus"**) to Employee, payable based on the following criteria: (a) 50% of the Bonus shall be based on the successful achievement of predefined annual objectives determined by the Board, and (b) the additional 50% shall be based on Employee's overall performance of his duties and obligations, as determined by the Board.

Bonus payments hereunder shall be payable ratably (0% - 200%) to the successful achievement of the

applicable criteria, as shall be determined by the Board, up to an amount equal to four (4) times the Salary, such that the fulfillment (100%) of a criteria shall entitle Employee to two (2) Salaries.

3.11.2 Special Bonus. The Board shall further consider the grant of special bonus payments (the **"Special Bonus"**) to Employee as set forth below, payable based on the successful achievement of the applicable objective, as shall be determined by the Board: (a) the execution by the Company of a commercial license agreement (or similar transaction) generating income to the Company; and/or (b) the consummation of an IPO or a Transaction (as such terms are defined in the Option Plan). The Special Bonus payment in case "(a)" shall be determined by the Board at its discretion; the Special Bonus payment in case "(b)" shall be determined by the Board based on the following multipliers:

Annual Compensation Multiple

	Company Valuation (US$ MM)					
	Months	**$100**	**$150**	**$200**	**$250**	**$300**
Time to Exit	18	2x	3x	4x	5x	6x
	24	2x	2x	3x	4x	5x
	30	lx	2x	2x	3x	4x
	36	lx	2x	3x	4x	5x
	48		lx	2x	3x	4x

3.12 Any and all benefit, right or payment to which Employee is entitled pursuant to this Agreement shall be calculated based on the Salary only, excluding any additional compensation, payment or reimbursement payable to Employee hereunder.

3.13 The Salary and all other benefits hereunder shall be payable to Employee also with respect to periods of the Employee's military reserve duty, if applicable. Employee shall inform the Company of any military reserve duty Employee has been ordered to perform, promptly after he has been notified of the same. The Company shall be entitled to retain any amounts payable by the National Insurance Institute or any other agency or entity with respect to such reserve duty period(s).

3.14 Employee will bear any and all taxes applicable to Employee in connection with amounts paid by Employee and/or the Company pursuant to this Section 3 (except as may be explicitly provided for herein). The Company shall legally deduct and withhold income tax payments and other obligatory payments, such as social security and mandatory health

insurance, from all of the payments which shall be paid to Employee hereunder and pursuant to applicable law, including all taxes imposed on any benefits granted to Employee and on any part of the benefits which exceeds maximum exemption(s) provided by law.

4. CONFIDENTIALITY, PROPRIETARY RIGHTS AND NON-COMPETITION

Upon execution hereof, Employee shall execute and deliver the Confidentiality, Proprietary Rights and Non-Competition Undertaking attached hereto as **Exhibit B** (the **"Undertaking"**).

5. TERM AND TERMINATION

5.1. This Agreement and the employer-employee relationship created hereunder shall enter into effect as of the Effective Date and shall remain in force and effect unless and until terminated as provided herein.

5.2. Either Party may terminate this Agreement by providing the other Party with ninety (90) days prior written notice (the **"Notice Period"**).

5.3. Notwithstanding anything to the contrary herein, the Company may terminate this Agreement and the employer-employee relationship hereunder at any time, and without derogating from any other remedy to which the Company may be entitled, for Cause (as hereinafter defined), by providing Employee written notice thereof. In such event, this Agreement and the employer-employee relationship hereunder shall be deemed effectively terminated as of the date of delivery of such notice, without any notice period or redemption thereof.

The term **"Cause"** shall mean, but shall not be limited to: (i) a breach by Employee of any of the material terms or conditions of this Agreement or any other Agreement with the Company, including but not limited to the provisions of the Undertaking and of Section 2 above; or (ii) Employee's willful misconduct, or action of personal dishonesty, bad faith or breach of trust towards the Company or any of its subsidiaries and/or affiliates; or (iii) the commission by Employee of a criminal offense, or fraud against the Company and/or any of its subsidiaries and/or affiliates; or (iv) circumstances that deny Employee to severance payment under any applicable law and/or under any judicial decision of a competent tribunal authority.

5.4. During the Notice Period, unless otherwise requested by the Company, Employee shall continue working and shall cooperate with the Company and use his best efforts to assist the integration of the person or persons who will assume Employee's responsibilities.

At the option of the Company, during the Notice Period Employee shall continue to perform his duties as set forth herein or remain absent from the premises of the Company. In the event that Employee's employment is terminated by the Company other than for Cause, during the Notice Period the Company shall pay Employee the Salary and the benefits set forth in Sections 3.2-3.3

above, and Employee shall be entitled to continue using the Company Car and Phone. In the event that Employee's employment is terminated either (i) by the Company for Cause; or (ii) by Employee, the Company shall have the right, at any time during the Notice Period, to terminate the employment relationship immediately and shall only pay Employee the Salary due for the remaining period of the Notice Period and the benefits set forth in Sections 3.2-3.3 above.

5.5. Upon the earlier of (a) the date of termination of the Notice Period; and (b) the date of actual termination of employment for any reason other than for Cause (or in the event

of termination for Cause then immediately upon notice thereof), Employee shall return to the Company, at its principal office, any and all Company equipment, property and documents in Employee's possession or control, including without limitation, the Company Car (together with its keys and any other equipment supplied and/or installed therein by the Company and any documents relating to the Company Car) and the Company Phone.

5.6. Any outstanding payment due by Employee to the Company in connection with his employment shall be repaid by Employee by the earlier of (a) the date of termination of the Notice Period or (b) the date of actual termination of employment for any reason other than for Cause (or in the event of termination for Cause then immediately upon termination of employment). Notwithstanding, the Company may set-off any such outstanding amounts due to it against any payment due by the Company to Employee, subject to applicable law.

5.7. The provisions of Sections 2.4, 3.1.3, 3.2.4, 3.14, and 6.5 below and the provisions of the Undertaking, will remain in full force and effect after termination or expiration of this Agreement.

6. MISCELLANEOUS

6.1. Preamble: Exhibits; Headings; Interpretation. The preamble to this Agreement, and the Exhibits attached hereto, constitute an integral part hereof. Section headings contained herein are for reference and convenience purposes only and shall not in any way be used for the interpretation of this Agreement.

6.2. Entire Agreement. The Parties confirm that this is a personal services contract and that the relationship between them shall not be subject to any general or special collective employment agreement or any custom or practice of the Company in respect of any of its other employees or contractors. This Agreement, together with the Exhibits hereto, constitute the entire agreement between the parties with respect to the subject matters hereof and thereof and supersede all prior agreements, understandings and arrangements, oral or written, between the parties with respect to the subject matters hereof and thereof.

6.3. Amendment; Waiver. Any term of this Agreement may be amended only with the written consent of the Parties. The observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the Party against which such waiver is sought. No waiver by either Party at any time to act with respect to any breach or default by the other Party of, or compliance with, any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

6.4. Successors and Assign; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns. Neither this Agreement or any of the Employee's rights, privileges, or obligations set forth in, arising under, or created by this Agreement may be assigned or transferred by Employee without the prior consent in writing of the Company, except by will or by the laws of descent and distribution. The Company may freely assign and/or transfer this Agreement and any of its rights, privileges, or obligations hereunder.

6.5. Governing Law; Jurisdiction. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel, without giving effect to the rules with respect to conflicts-of-law. Any dispute arising out of, or relating to this Agreement, its interpretation or performance hereunder shall be resolved exclusively by

the competent court of the Tel Aviv-Jaffa district, and each of the parties hereby submits exclusively and irrevocably to the jurisdiction of such court.

6.6. Severability. If any term or provision of this Agreement shall be declared invalid, illegal or unenforceable, then such term or provision shall be enforceable to the extent that a court shall deem it reasonable to enforce such term or provision and, if any such term or provision shall be held by any competent court to be unreasonable to enforce to any extent, such term or provision shall be severed and all remaining terms and provisions shall be unaffected and shall continue in full force and effect.

6.7. Notices. Each notice and/or demand given by a party pursuant to this Agreement shall be in writing and sent by registered mail to the other party at the address appearing in the caption of this Agreement, and such notice and/or demand shall be deemed given at the expiration of seven (7) days from the date of mailing by registered mail or immediately if delivered by hand. Such address shall be effective unless notice of a change in address is provided by registered mail to the other party.

6.8. This Agreement shall be deemed as a *Notice* as defined in the Notice to Employee Law (Terms of Employment), 5762-

2002.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

[Signature Page to CollPlant Ltd. Employment Agreement]

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the day and year first above written:

/s/ Efi Cohen-Arazi	/s/ Yehiel Tal
CollPlant Ltd.	**Yehiel Tal**

By: Efi Cohen-Arazi

Title: Executive Chairman of the Board

Execution Copy

[Translated from Hebrew]

EXHIBIT A

General Approval for Employers' Payments to a Pension Fund and Insurance Funds instead of Severance Payments(1)

Based upon my authority under section 14 of the Severance Pay Law, 1963 ("the Law"), I approve payments that the employer has made from the date of publication of this approval, for its employee to a comprehensive pension plan in an annuity-based provident fund that is not an insurance fund in the meaning of the term in the Income Tax Ordinances (Rules for Approval and Management of Provident Funds), 1964 ("Pension Fund"), or to an Executive Insurance Plan that includes the possibility of an allowance payment [annuity] or a combination of payments to an annuity program and a non-annuity program in the aforesaid insurance fund ("Insurance Fund"), including payments made in a combination of Pension Fund and Insurance Fund, whether the Insurance Fund has an annuity plan or not ("Employer's Payments"), shall be instead of severance pay to which the said employee is entitled on account of remuneration from which was paid the said payments and for the period for which paid ("the Exempted Salary"), subject to fulfillment of the following:

1. Employer's Payments –

    a. To a Pension Fund that is not less than 14 1/3% of the Exempted Salary or 12% of the Exempted Salary if the employer in addition also pays for its employee for topping up of severance pay into a Severance Pay Provident Fund or an Insurance Fund in the name of the employee in an amount of 2 1/3% of the Exempted Salary. If the employer has not also paid in addition to the 12% the said 2 1/3%, its payments shall be instead of 72% of the employee's severance payment, only;

    b. To an Insurance Fund not less than one of the following:

        i. 13 1/3% of the Exempted Salary, if the employer also pays for its employee in addition payments for guaranteed minimum monthly income in the event of disability, in a plan approved by the Commissioner for the Capital Markets, Insurance and Savings at the Treasury, in the required amount to guarantee at least 75% of the Exempted Salary or at the rate of 2½% of the Exempted Salary, whichever is the lower ("Payment to Disability Insurance");

        ii. 11% of the Exempted Salary, if the employer also pays the Payment to Disability Insurance, and in this case, the employer's payments shall be instead of 72% of the employee's severance pay only; if the employer also paid supplementary to these payments for topping up of severance pay to a Severance Pay Provident Fund or to an Insurance Fund in the

(1) Official Announcements 1998, 4394; 2000, 5; 2001, 1949

employee's name in the amount of 2 1/3% of the Exempted Salary, the employer's payments shall be instead of 100% severance pay of the employee.

2. Not later than three months after the start of making the employer's payments, an agreement will be drawn up between the employer and employee in which –

   a. Agreement of the employee to the arrangement based on this approval with wording that specifies the employer payments and the Pension Fund and Insurance Fund, as applicable; in the said agreement the text of this approval shall also be included;

   b. Advance waiver by the employer of any right it might have to reimbursement of monies from its payments, unless the employee's right to severance pay has been voided by a court ruling under sections 16 or 17 of the Law, and if voided or the employee withdrew monies from the Pension Fund or Insurance Fund not on account of an Entitling Event; in this regard, "Entitling Event" is death, disability or retirement at the age of 60 or more.

3. Nothing in this approval shall derogate from the employee's right to severance pay in law, a collective agreement, expansion order or employment contract, for remuneration above the Exempted Salary.

EXHIBIT B

CONFIDENTIALITY. PROPRIETARY RIGHTS AND NON-COMPETITION UNDERTAKING

The following Undertaking confirms certain terms of my employment with CollPlant Ltd. (the **"Company"**), which is a material part of the consideration for my employment by the Company and the compensation received by me from the Company from time to time. Capitalized terms not defined herein shall have the meaning ascribed to them in the Employment Agreement to which this Undertaking is attached (the **"Employment Agreement"**).

1. CONFIDENTIALITY

1.1. I acknowledge that in the course of my employment with the Company I may (or may have) receive(d), learn(ed), be(en) exposed to, obtain(ed), or have (had) access to nonpublic information relating to the Company, its business, operations and activities, including without limitation any commercial, financial, business or technical information, inventions, developments, processes, specifications, technology, know-how and trade secrets, information regarding marketing, operations, plans, activities, customers, suppliers, business partners, etc. (**"Confidential Information"**), and hereby undertake: (a) to maintain the Confidential Information in strict confidence at all times and not to communicate, publish, reveal, describe, allow access to, divulge or otherwise disclose, expose or make available the Confidential Information in whole or in part, to any person or entity, all whether directly or indirectly, and whether in writing or otherwise; and (b) not to use the Confidential Information for any purpose other than for the performance of my employment obligations. I further recognize that the Company may receive confidential or proprietary information from third parties, subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Such information shall also be deemed "Confidential Information" hereunder, *mutatis mutandis.*

1.2. In addition, I represent and warrant that I will keep the terms and conditions of the Employment Agreement and this Undertaking strictly confidential and will not disclose it to any third person unless and to the extent required by applicable law and subject to prior written notice to the Company.

1.3. Upon the earlier of the Company's request or the termination of my employment, I shall return to the Company any and all documents and other tangible materials containing Confidential Information, and shall erase or destroy any computer or data files in my possession containing Confidential Information, such that no copies or samples of Confidential Information shall remain with me.

1.4. Without derogating from the above, all Confidential Information made available to, received by, or generated by me shall remain the property of the Company (or its respective owners), and no license or other right in or to the Confidential Information is granted hereby. Any and all material (including without limitation, files, records, documents, design, drawings, specifications, equipment, notebooks, notes, memoranda, diagrams, blueprints, bulletins, formula, reports, analyses, computer programs, software) and data of any kind relating to Confidential Information and/or Proprietary Rights (as defined below), whether prepared by the undersigned or otherwise coming or having come into my

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possession, and whether or not marked or classified as Confidential Information, shall remain the exclusive property of the Company (or its respective owners).

2. PROPRIETARY RIGHTS

2.1. I hereby agree and declare that any and all right, title and interest in and to any and all discoveries, inventions, ideas, developments, technology, products, improvements, enhancements, derivations, modifications, mask works, trade secrets, concepts, ideas, techniques, methods and methods of use, delivery and/or diagnostics, processes, materials, proceeds, data, compositions of matters, formulations, know-how, designs and works of authorship, whether or not patentable, copyrightable or otherwise protectable, invented, made, developed, discovered, conceived, conducted, designed, reduced to practice, written, authored, compiled, produced and/or created, in whole or in part, by me (or so caused or enabled), independently or jointly with others, (i) during my employment with the Company; or (ii) which result or arise from or relate to my employment with the Company, or work performed by or for the Company, or any Confidential Information; or (iii) with the use of any Company equipment, supplies, facilities, trade secrets or proprietary information of

the Company; or (iv) which relate to the Company's business, technology or research and development (collectively, the **"Inventions"**), and any and all right, title and interest in and to the Inventions or based thereon, including without limitation, all patents, copyrights, trademarks, trade names, moral rights and other intellectual, industrial and/or proprietary rights and applications, extensions and renewals associated therewith (collectively and together with the Inventions, the **"Proprietary Rights"**), shall be the sole and exclusive property of the Company, its successors and assigns (for the purposes of this Section 2, collectively, the **"Company"**). I shall have no title, rights, claims or interest whatsoever in or with respect to the Proprietary Rights. All works authored by me pursuant to the Employment Agreement, including without limitation the Inventions, shall be deemed "work made for hire".

2.2. I hereby irrevocably and unconditionally transfer and assign to the Company, and if and when not otherwise assignable herein, agree and undertake to transfer and assign to the Company in the future, any and all of my rights, title and interest, now and hereafter acquired, in and to the Proprietary Rights, (without any payments, liabilities or restrictions to any person or third party) in any and all media now known or hereafter devised, and all claims and causes of action of any kind with respect to any of the foregoing, throughout the world in perpetuity.

In the event that pursuant to any applicable law I retain any rights in and to the Proprietary Rights that cannot be assigned to the Company, I hereby unconditionally and irrevocably waive any right, claim or demand with respect thereto (including without limitation for any compensation, royalty or reward, or the enforcement of all such rights), and all claims and causes of action of any kind with respect to any of the foregoing, and agree, at the request and expense of the Company, to consent to and join in any action to enforce such rights and to procure a waiver of such rights from the holders of such rights, if any.

In the event that I retain any rights in and to Proprietary Rights that cannot be assigned to the Company and cannot be waived, I hereby grant the Company an irrevocable, exclusive, perpetual, worldwide, royalty-free license to exploit, use, develop, perform, modify, change, reproduce, publish and distribute, with the right to sublicense and assign such rights, and all claims and causes of action of any kind with respect to any of the foregoing, in and to the Proprietary Rights, in any way the Company sees fit and for any purpose whatsoever. Without derogating from the above, I hereby forever waive and agree never to

assert any and all rights of paternity or integrity, any right to claim authorship of any Invention, to object to any distortion, mutilation or other modification of, or other derogatory action in relation to any Invention, and any similar right.

2.3. I will promptly disclose to the Company fully and in writing all Inventions but will otherwise keep the Inventions in strict confidence in accordance with the provisions of Section 1 above.

2.4. I further agree and undertake to take all necessary measures and to fully cooperate with the Company, during and after the term of my employment, in order to perfect, enforce, and/or defend the Proprietary Rights, and effectuate the Company's title and interest therein, including without limitation as follows: (i) to keep accurate records relating to the conception and reduction to practice of all Proprietary Rights, which records shall be the sole and exclusive property of the Company and shall be surrendered to the possession of the Company, immediately upon their creation; and (ii) to provide the Company with all information, documentation, and assistance, including the preparation or execution, as applicable, of documents, declarations, assignments, drawings and other data, all such information, documentation, and assistance to be provided at no additional expense to the Company, except for out-of-pocket expenses incurred by me at the Company's request or with the Company's prior written consent. Without derogating from any of my obligations hereunder, I hereby appoint any officer of the Company as my duly authorized agent to execute, file, prosecute and protect the same before any government agency, court or authority.

3. NON-COMPETITION: NON-SOLICITATION

3.1. I agree and declare that, so long as I am an employee of the Company, and for a period of twelve (12) months following termination of my employment, I will not, directly or indirectly, (i) engage in, participate, assist or become financially interested in, any business venture worldwide that is engaged in any activity competing with or similar to Company's Business; (ii) employ or otherwise engage, recruit or otherwise solicit, induce or influence any person to leave the employment or service of the Company.

3.2. For the purposes of this Section 3, **"Company's Business"** shall mean research, development and commercialization activities relating to the field of business engaged or planned by the Company during the term of my employment with the Company (including research and development activity). I expressly acknowledge that the business objectives and targeted operating market of the Company are worldwide, and consequently the obligations prescribed in this Section 3 shall apply on a worldwide basis.

For the purposes of this Section 3, **"directly or indirectly"** includes doing business as an owner, partner, joint venturer, an independent contractor, shareholder, director, officer, manager, broker, agent, employee, service provider or advisor, licensor or in any other capacity whatsoever, but does not include holding up to 1% of the free market shares of any publicly traded companies.

3.3. I hereby acknowledge that the provisions of this Section 3 are reasonable to legitimately protect Confidential Information, Proprietary Rights and Company property (including intellectual property and goodwill) to which I, in my position in the Company, have been and will continue to be exposed, and that my compensation under the Employment Agreement incorporates special consideration with respect for these non-competition undertaking.

4. General

4.1. The undersigned understands and agrees that monetary damages would not constitute a sufficient remedy for any breach or default of the obligations contained in this Undertaking, and that the Company shall be entitled, without derogating from any other remedies, to seek injunctive or other equitable relief to remedy or forestall any such breach or default or threatened breach.

4.2. The provisions of the Employment Agreement relating to term and termination and the general provisions thereof shall apply to this Undertaking, *mutatis mutandis.*

IN WITNESS WHEREOF, I hereby affix my name and signature, on this day of , 2009.

/s/ Yehiel Tal

Name: Yehiel Tal

Execution Copy

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this **"Agreement"**) is made and entered into on this 30 day of October, 2011, by and between CollPlant Ltd., a company organized under the laws of the State of Israel (the "**Company**") and Eran Rotem, Israel I.D No. XXXXXXX, residing at Derech HaBe'erot, P.O.B 144, Moshav Mishmeret, 40695, Israel (the "Employee"). The Company and Employee shall be sometimes referred to each as a "**Party**" and collectively as the "**Parties**".

WHEREAS, the Company desires to employ Employee on the terms and conditions set forth herein and Employee desires to be employed by the Company and enter into this Agreement on such terms and conditions;

NOW, THEREFORE, in consideration of the mutual undertakings of the Parties, it is hereby agreed as follows:

1. DUTIES AND RESPONSIBILITIES

1.1. Commencing as of January 15, 2012 (the **"Effective Date"**), Employee shall be employed by the Company as its Chief Financial Officer (the **"Position")**.

1.2. Within the scope of the Position, Employee shall report to the Chief Executive Officer of the Company (the " **CEO**"), and shall perform such duties and activities as are customarily performed by such a director of a company operating in the Company's field and as shall be directed from time to time by the CEO. Employee further acknowledges and agrees that his scope of responsibilities and duties shall include the provision of services to both the Company and to its parent company, CollPlant Holdings Ltd. ("**CollPlant Holdings**") and that he shall not be entitled to receive any additional or other compensation or payment either from the Company or from CollPlant Holdings with respect thereto, other than as expressly stated in Section 3 below.

1.3. Employee shall be employed on a full-time basis. So long as Employee is employed by the Company, Employee shall devote his entire working time and best efforts to the business and affairs of the Company and the performance of Employee's duties hereunder, and shall: (i) not undertake or accept any other employment or paid occupation (ii) refrain from engaging in any business or other activity which may be of conflict of interest with Employee's position with the Company, the performance of his duties and responsibilities pursuant to this Agreement and/or with the best interests of the Company; and (iii) promptly notify the Company of any such matter or activity.

1.4. Employee acknowledges and agrees that the performance of Employee's duties may also require travel within and outside of Israel, at the Company's request and expense.

2. EMPLOYEE REPRESENTATIONS AND WARRANTIES

Employee hereby represents and warrants to the Company, as of the date hereof and as of the Effective Date, as follows:

2.1. Employee has the necessary skills, knowledge, ability, expertise and experience to fulfill his obligations hereunder, shall do so diligently, professionally and conscientiously and shall comply with the regulations and procedures of the Company.

2.2. The execution and delivery of this Agreement and the fulfillment of the terms hereof will constitute the valid, binding and enforceable obligations of Employee and will not

violate, conflict with or constitute a default under or breach of any agreement and/or undertaking and/or instrument, judgment or order to which the Employee is a party or by which he is bound, or any provision of law, rule or regulation applicable to Employee, and do not require the consent of any person or entity. In the performance of Employee's obligations hereunder, Employee will not make use of (i) any confidential or proprietary information belonging to any third party, or (ii) any information to which Employee is restricted from disclosing or using due to contractual undertakings or by law.

2.3. Employee shall notify the Company immediately and without delay of any matter, which might constitute a conflict of interests with Employee's position with the Company, the performance of his duties and responsibilities pursuant to this Agreement and/or or with the best interests of the Company.

2.4. Employee will not accept, whether during the term of this Agreement or at any time thereafter, directly or indirectly, any payment, benefit and/or other consideration, from any third party, in connection with or arising from Employee's employment with the Company, without the Company's prior written authorization.

3. SALARY AND BENEFITS

In full consideration for Employee's services hereunder, Employee shall be entitled to the following payments and benefits,

effective as of the Effective Date:

3.1. Salary

3.1.1. The Company shall pay Employee a monthly gross salary of NIS 45,500 (the **"Salary")**.

3.1.2. The Salary shall be payable monthly in arrears, in accordance with the Company's usual practice, by the 9th day of the following calendar month.

3.1.3. It is agreed between the Parties that the position that Employee holds within the Company is a management position, which demands a special level of loyalty, and accordingly, the Work Hours and Rest Law (1951) shall not apply to Employee's employment by the Company and this Agreement.

3.2. Manager's Insurance/Pension Fund

3.2.1. The Company shall insure Employee under an accepted Manager's Insurance Policy (the **"Policy"**), and shall pay an amount equal to (i) 8.33% of the Salary on account of severance pay payable to Employee upon severance in accordance with the provisions of this Agreement; and (ii) 5% of the Salary towards Policy payments, subject to the deduction of 5% of the Salary to be paid towards the Policy on behalf of Employee. In addition, the Company shall pay an amount equal to 2.5% of the Salary towards disability insurance in favor of Employee.

3.2.2. Employee may extend an existing policy or plan and/or incorporate it into the Policy, at Employee's discretion. In the event the Employee elects to be insured under a pension plan, the allocations set forth in Section 3.2.1 above shall be adjusted in accordance with the pension plans' policies. In the event that contributions or amounts under this Section 3.2 shall exceed tax exempt amounts pursuant to the Israeli Income Tax Ordinance and/or the regulations promulgated thereunder, then the Employee shall bear any and all taxes imposed thereupon.

3.2.3. During Employee's employment period with the Company, the Company shall be the sole owner of the Policy. Other than as set forth below, in the event of a termination of this Agreement, the Company shall transfer the title in and to the Policy to

Employee.

3.2.4. The Company and Employee agree and acknowledge that transfer of ownership of the severance portion of the Policy to the Employee as set forth in Section 3.2.3 above shall be *in lieu* of and not in addition to any entitlement of the Employee under any applicable law or this Agreement to severance pay, according to the General Approval of the Minister of Labor and Welfare, regarding *Employers' Payments to Pension Funds and Insurance Policies in Lieu of Severance Pay in Accordance with Section 14 of the Severance Pay Law 1963,* attached hereto as **Exhibit A** (the **"General Approval").** Accordingly, the Company hereby waives any rights to said payments made to the Policy, except as set forth in the General Approval.

3.3. Education Fund *(Keren Hishtalmut)*

3.3.1. The Company shall pay an amount equal to 7.5% of the Salary to an Education Fund *(Keren Hishtalmut)* designated by the Employee (the **"Education Fund"),** and shall deduct from the Salary an amount equal to 2.5% of the Salary on behalf of Employee, and shall pay such amounts to the Education Fund.

3.4. Annual Recreation Allowance. Employee shall be entitled to annual recreation allowance *(Dmei Havra'a)* in accordance with applicable law.

3.5. Vacation

3.5.1. Employee shall be entitled to twenty two (20) paid vacation days (business days) for each calendar year of work, on a pro-rata basis (the **"Vacation Days").** Each leave shall be coordinated with the CEO in advance, with adequate regard to the needs of the Company.

3.5.2. Accumulation of any unused Vacation Days due to Employee pursuant to the Annual Vacation Law - 1951 (the **"Vacation Law"),** shall be subject to the provisions of the Vacation Law. Vacation Days exceeding such number of Vacation Days due to Employee pursuant to the Vacation Law from time to time (the **"Excess Vacation Days"),** may be accumulated by Employee from time to time for use during the next two (2) years *provided, that,* in any event, the number of Excess Vacation Days Employee may accumulate shall not exceed twenty (20) days.

3.5.3. Subject to applicable law, any accrued Vacation Days shall not be redeemable by Employee.

3.6. Sick Leave

Employee shall be entitled to paid sick leave pursuant to applicable law. Payments by the Company of sick leave days in connection with disability payments shall be set-off against payments received by Employee pursuant to Section 3.2 above.

3.7. Company Car

3.7.1. The Company shall make available to Employee a leased Company car (the **"Company Car").** The Company Car shall be of a "level 4" type car as available to the Company pursuant to its respective lease agreement(s) from time to time. In case the Employee would like to upgrade to "level 5" type car (as available to the Company pursuant to its respective lease agreement(s) from time to time), then the difference in the fees payable by the Company with respect to such car will be borne by Employee and deducted from the Salary.

3.7.2. The Company Car shall be placed with Employee for his business and reasonable personal use and for the use of his immediate family members, in accordance with the Company's respective lease agreement(s) from time to lime. Employee shall take good care of the Company Car and ensure that the provisions of the insurance policy, the lease agreement and the Company's rules relating to the Company Car are strictly, lawfully and carefully observed.

3.7.3. Subject to applicable law, the Company shall bear all fixed and ongoing expenses relating to the Company Car and to the use and maintenance thereof; excluding fines and expenses (including legal expenses) incurred in connection with violations of law or the insurance policy, or Company's rules, which shall be borne and paid solely by Employee. In addition, Employee shall bear the cost of any deductible amount charged from the Company for damages caused to the Company Car. Employee shall indemnify and/or reimburse the Company, upon its first demand, for all charges paid and expenses incurred by it in connection with any of the above.

3.7.4. Employee shall further bear any and all taxes applicable to his in connection with said Company Car and the use thereof, in accordance with income tax regulations applicable thereto.

3.8. Company Phone

3.8.1. The Company shall provide Employee with a cellular telephone (the **"Company Phone"**), and shall bear the costs and expenses associated with the use of the Company Phone for the fulfillment of his duties hereunder, *provided that* Company rules and procedures in respect thereof are observed.

3.8.2. Employee shall bear any and all taxes applicable to his in connection with the Company Phone and the use thereof, in accordance with income tax regulations applicable thereunder.

3.9. Expenses

The Company will reimburse Employee, against receipts, for expenses incurred by Employee in the performance of Employee's duties pursuant to this Agreement, *provided that* prior written approval for such expenses was granted by the Company. Expenses made in accordance with Company policy shall not require such prior approval.

3.10. Incentive Plan

3.10.1. Subject to the approval of the Board of Directors of CollPlant Holdings (the "**CollPlant Holdings Board**"), on or promptly after the Effective Date (the "**Grant Day**"), Employee shall be granted an option to purchase up to an aggregate of 450,000 Ordinary Shares of CollPlant Holdings, par value NIS 0.01 each, under a CollPlant Holding employee share option plan (the "**Options**" and the "**Plan**", respectively).

3.10.2. The Option shall be granted to Employee pursuant to such objectives and criteria for entitlement (including without limitation any vesting schedule) as shall be determined by the CollPlant Holding Board, and shall be subject to the provisions of the Plan. The Option's exercise price shall be determined by the CollPlant Holdings Board, based on the average market share price, according to the market price during a 10 day period prior to the Grant Day, provided, however, that the Option's exercise price shall in any event be no less than 0.644 NIS.

3.10.3. Employee acknowledges and understands that his entitlement hereunder is subject, *inter alia,* to the approval of the CollPlant Holdings Board and the execution by Employee of applicable agreement(s).

3.11. Annual Bonus. Employee shall be entitled to an annual bonus, equal to up to two (2) Salaries, subject to: (i) full compliance and successful achievement of objectives to be determined by the CEO together with Employee within the first three (3) months from the beginning of each calendar year; and (ii) approval by the CEO and the CollPlant Holdings Board (and/or any committee thereof) that such objectives have been successfully achieved and fully complied with.

3.12. Any and all benefit, right or payment to which Employee is entitled pursuant to this Agreement shall be calculated based on the Salary only, excluding any additional compensation, payment or reimbursement payable to Employee hereunder.

3.13. The Salary and all other benefits hereunder shall be payable to Employee also with respect to periods of the Employee's military reserve duty, if applicable. Employee shall inform the Company of any military reserve duty Employee has been ordered to perform, promptly after he has been notified of the same. The Company shall be entitled to retain any amounts payable by the National

Insurance Institute or any other agency or entity with respect to such reserve duty period(s).

3.14. Employee will bear any and all taxes applicable to Employee in connection with amounts paid by Employee and/or the Company pursuant to this Section 3. The Company shall legally deduct and withhold income tax payments and other obligatory payments, such as social security and mandatory health insurance, from all of the payments which shall be paid to Employee hereunder and pursuant to applicable law, including all taxes imposed on any benefits granted to Employee and on any part of the benefits which exceeds maximum exemption(s) provided by law.

4. CONFIDENTIALITY, PROPRIETARY RIGHTS AND NON-COMPETITION

Upon execution hereof, Employee shall execute and deliver the Confidentiality, Proprietary Rights and Non-Competition Undertaking attached hereto as **Exhibit B** (the **"Undertaking").**

5. TERM AND TERMINATION

5.1. This Agreement shall enter into effect upon the later of its execution by the Parties and the receipt of all Company and CollPlant Holdings requisite corporate approvals and shall remain in force and effect unless and until terminated as provided herein. Notwithstanding, the employer-employee relationship created under this Agreement shall commence only upon the Effective Date.

5.2. Either Party may terminate this Agreement by providing the other Party with Ninety (90) days' prior written notice (the **"Notice Period").**

5.3. Notwithstanding anything to the contrary herein, the Company may terminate this Agreement and the employer-employee relationship hereunder at any time, and without derogating from any other remedy to which the Company may be entitled, for Cause (as hereinafter defined), by providing Employee written notice thereof. In such event, this Agreement and the employer-employee relationship hereunder shall be deemed effectively terminated as of the date of delivery of such notice, without any notice period or redemption thereof.

The term **"Cause"** shall mean, but shall not be limited to: (i) a breach by Employee of any of the material terms or conditions of this Agreement, including but not limited to the provisions of the Undertaking; or (ii) Employee's willful misconduct, or action of personal dishonesty, bad faith or breach of trust towards the Company or any of its subsidiaries and/or

affiliates; or (iii) the commission by Employee of a criminal offense, or fraud against the Company and/or any of its subsidiaries and/or affiliates; or (iv) circumstances that deny Employee to severance payment under any applicable law and/or under any judicial decision of a competent tribunal authority.

5.4. At the option of the Company, during the Notice Period, Employee shall continue to perform his duties as set forth herein or remain absent from the premises of the Company.

In the event that Employee's employment is terminated by the Company other than for Cause, during the Notice Period the Company shall pay Employee the Salary and the benefits set forth in Sections 3.2-3.3 above (if and to the extent due), and Employee shall be entitled to continue using the Company Car and Phone. In the event that Employee's employment is terminated either by (i) the Employee; or (ii) the Company for Cause, the Company shall have the right, at any time during the Notice Period, to terminate the employment relationship immediately and shall only pay Employee the Salary due for the remaining period of the Notice Period and the benefits set forth in Sections 3.2-3.3 above.

5.5. Upon the earlier of (a) the date of termination of the Notice Period; or (b) the date of actual termination of employment for any reason other than for Cause (or in the event of termination for Cause then immediately upon termination of employment), Employee shall return to the Company, at its principal office, any and all Company equipment, property and documents in Employee's possession or control, including without limitation, the Company Car (as defined below) (together with its keys and any other equipment supplied and/or installed therein by the Company and any documents relating to the Company Car) and the Company Phone (as defined below).

5.6. Any outstanding payment due by Employee to the Company in connection with his employment shall be repaid by Employee by the earlier of (a) the date of termination of the Notice Period; or (b) the date of actual termination of employment for any reason other than for Cause (or in the event of termination for Cause then immediately upon termination of employment). Notwithstanding, the Company may set-off any such outstanding amounts due to it against any payment due by the Company to Employee, subject to applicable law.

5.7. The provisions of Sections 3.1.3, 3.2.4 and 3.14 above, Section 6.5 below and the provisions of the Undertaking, will remain in full force and effect after termination or expiration of this Agreement.

6. MISCELLANEOUS

6.1. Preamble; Exhibits; Headings; Interpretation. The preamble to this Agreement, and the Exhibits attached hereto, constitute an integral part hereof. Section headings contained herein are for reference and convenience purposes only and shall not in any way be used for the interpretation of this Agreement.

6.2. Entire Agreement. The Parties confirm that this is a personal services contract and that the relationship between them shall not be subject to any general or special collective employment agreement or any custom or practice of the Company in respect of any of its other employees or contractors. This Agreement, together with the Exhibits hereto, constitute the entire agreement between the parties with respect to the subject matters hereof and thereof and supersede all prior agreements, understandings and arrangements, oral or written, between the parties with respect to the subject matters hereof and thereof.

6.3. Amendment; Waiver. Any term of this Agreement may be amended only with the written consent of the Parties. The observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the

written consent of the Party against which such waiver is sought. No waiver by either Party at any time to act with respect to any breach or default by the other Party of, or compliance with, any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

6.4. Successors and Assign; Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Company, its successors and assigns. Neither this Agreement or any of the Employee's rights, privileges, or obligations set forth in, arising under, or created by this Agreement may be assigned or transferred by Employee without the prior consent in writing of the Company, except by will or by the laws of descent and distribution. The Company may freely assign and/or transfer this Agreement and any of its rights, privileges, or obligations hereunder.

6.5. Governing Law; Jurisdiction. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Israel, without giving effect to the rules with respect to conflicts-of-law. Any dispute arising out of, or relating to this Agreement, its interpretation or performance hereunder shall be resolved exclusively by the competent Labor court of the Tel Aviv-Jaffa district, and each of the parties hereby submits exclusively and irrevocably to the jurisdiction of such court.

6.6. Severability. If any term or provision of this Agreement shall be declared invalid, illegal or unenforceable, then such term or provision shall be enforceable to the extent that a court shall deem it reasonable to enforce such term or provision and, if any such term or provision shall be held by any competent court to be unreasonable to enforce to any extent, such term or provision shall be severed and all remaining terms and provisions shall be unaffected and shall continue in full force and effect.

6.7. Notices. Each notice and/or demand given by a party pursuant to this Agreement shall be in writing and sent by registered mail to the other party at the address appearing in the caption of this Agreement, and such notice and/or demand shall be deemed given at the expiration of three (3) days from the date of mailing by registered mail or immediately if delivered by hand. Such address shall be effective unless notice of a change in address is provided by registered mail to the other party.

[*Signature Page to CollPlant Ltd. Employment Agreement*]

IN WITNESS WHEREOF, the parties have executed this Employment Agreement as of the day and year first above written:

/s/ Yehiel Tal	/s/ Eran Rotem
CollPlant Ltd.	**Eran Rotem**
	November 16, 2011
By: Yehiel Tal	
Title: Chief Executive Officer	
By: Alon Bloomenfeld	
Title: Chief Financial Officer	

[Translated from Hebrew]

EXHIBIT A

General Approval for Employers' Payments to a Pension Fund and Insurance Funds instead of Severance Payments(1)

Based upon my authority under section 14 of the Severance Pay Law, 1963 ("the Law"), I approve payments that the employer has made from the date of publication of this approval, for its employee to a comprehensive pension plan in an annuity-based provident fund that is not an insurance fund in the meaning of the term in the Income Tax Ordinances (Rules for Approval and Management of Provident Funds), 1964 ("Pension Fund"), or to an Executive Insurance Plan that includes the possibility of an allowance payment [annuity] or a

combination of payments to an annuity program and a non-annuity program in the aforesaid insurance fund ("Insurance Fund"), including payments made in a combination of Pension Fund and Insurance Fund, whether the Insurance Fund has an annuity plan or not ("Employer's Payments"), shall be instead of severance pay to which the said employee is entitled on account of remuneration from which was paid the said payments and for the period for which paid ("the Exempted Salary"), subject to fulfillment of the following:

1. Employer's Payments –

    a. To a Pension Fund that is not less than 14 1/3% of the Exempted Salary or 12% of the Exempted Salary if the employer in addition also pays for its employee for topping up of severance pay into a Severance Pay Provident Fund or an Insurance Fund in the name of the employee in an amount of 2 1/3% of the Exempted Salary. If the employer has not also paid in addition to the 12% the said 2 1/3%, its payments shall be instead of 72% of the employee's severance payment, only;

    b. To an Insurance Fund not less than one of the following:

        i. 13 1/3% of the Exempted Salary, if the employer also pays for its employee in addition payments for guaranteed minimum monthly income in the event of disability, in a plan approved by the Commissioner for the Capital Markets, Insurance and Savings at the Treasury, in the required amount to guarantee at least 75% of the Exempted Salary or at the rate of 2 1/2% of the Exempted Salary, whichever is the lower ("Payment to Disability Insurance");

        ii. 11% of the Exempted Salary, if the employer also pays the Payment to Disability Insurance, and in this case, the employer's payments shall be instead of 72% of the employee's severance pay only; if the employer also paid supplementary to these payments for topping up of severance pay to a Severance Pay Provident Fund or to an Insurance Fund in the

(1) Official Announcements 1998, 4394; 2000, 5; 2001, 1949

employee's name in the amount of 2 1/3% of the Exempted Salary, the employer's payments shall be instead of 100% severance pay of the employee.

2. Not later than three months after the start of making the employer's payments, an agreement will be drawn up between the employer and employee in which –

    a. Agreement of the employee to the arrangement based on this approval with wording that specifies the employer payments and the Pension Fund and Insurance Fund, as applicable; in the said agreement the text of this approval shall also be included;

    b. Advance waiver by the employer of any right it might have to reimbursement of monies from its payments, unless the employee's right to severance pay has been voided by a court ruling under sections 16 or 17 of the Law, and if voided or the employee withdrew monies from the Pension Fund or Insurance Fund not on account of an Entitling Event; in this regard, "Entitling Event" is death, disability or retirement at the age of 60 or more.

3. Nothing in this approval shall derogate from the employee's right to severance pay in law, a collective agreement, expansion order or employment contract, for remuneration above the Exempted Salary.

EXHIBIT B

CONFIDENTIALITY, PROPRIETARY RIGHTS AND NON-COMPETITION UNDERTAKING

The following Undertaking confirms certain terms of my employment with CollPlant Ltd. (the **"Company"),** which is a material part of the consideration for my employment by the Company and the compensation received by me from the Company from time to time. Capitalized terms not defined herein shall have the meaning ascribed to them in the Employment Agreement to which this Undertaking is attached (the **"Employment Agreement").**

1. CONFIDENTIALITY

1.1. I acknowledge that in the course of my employment with the Company I may (or may have) receive(d), learn(ed), be(en) exposed to, obtain(ed), or have (had) access to nonpublic information relating to the Company (for the purposes of this Section 1, including CollPlant Holdings), their business, operations and activities, including without limitation any commercial, financial, business or technical information, inventions, developments, processes, specifications, technology, know-how and trade secrets, information regarding marketing, operations, plans, activities, customers, suppliers, business partners, etc. **("Confidential Information"),** and hereby undertake: ***(a)*** to maintain the Confidential Information in strict confidence at all times and not to communicate, publish, reveal, describe, allow access to, divulge or otherwise disclose, expose or make available the Confidential Information in whole or in part, to any person or entity, all whether directly or indirectly, and whether in writing or otherwise, and ***(b)*** not to use the Confidential Information for any purpose other than for the performance of my employment obligations.

I further recognize that (i) the Company may receive confidential or proprietary information from third parties, subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Such information shall also be deemed "Confidential Information" hereunder, mutatis mutandis; and (ii) the Company is a subsidiary of CollPlant Holdings, a public company traded on the Tel-Aviv Stock Exchange, and accordingly, Confidential Information may be considered as "inside information" pursuant to Israeli securities laws and regulations.

1.2. In addition, I represent and warrant that I will keep the terms and conditions of the Employment Agreement and this Undertaking strictly confidential and will not disclose it to any third person unless and to the extent required by applicable law and subject to prior written notice to the Company. I nevertheless understand and agree that the Company may disclose the terms and conditions of the Employment Agreement and this Undertaking if it so deems necessary and that it is particularity required to make certain public disclosures and publications under applicable laws which may include the terms and conditions of the Employment Agreement and this Undertaking.

1.3. Upon the earlier of the Company's request or the termination of my employment, I shall return to the Company any and all documents and other tangible materials containing Confidential Information, and shall erase or destroy any computer or data files in my possession containing Confidential Information, such that no copies or samples of Confidential Information shall remain with me.

1.4. Without derogating from the above, all Confidential Information made available to, received by, or generated by me shall remain the property of the Company (or its

respective owners), and no license or other right in or to the Confidential Information is granted hereby. Any and all material (including without limitation, files, records, documents, design, drawings, specifications, equipment, notebooks, notes, memoranda, diagrams, blueprints, bulletins, formula, reports, analyses, computer programs, software) and data of any kind relating to Confidential Information and/or Proprietary Rights (as defined below), whether prepared by the undersigned or otherwise coming or having come into my possession, and whether or not marked or classified as Confidential Information, shall remain the exclusive property of the Company (or its respective owners).

2. PROPRIETARY RIGHTS

2.1. Any and all right, title and interest in and to any and all discoveries, inventions, ideas, developments, technology, products, improvements, enhancements, derivations, modifications, mask works, trade secrets, concepts, ideas, techniques, methods and methods of use, delivery and/or diagnostics, processes materials, proceeds, data, compositions of matters, formulations, know-how, designs and works of authorship, invented, made, developed, discovered, conceived, conducted, designed, reduced to practice, written, authored, compiled, produced and/or created, in whole or in part, by me (or so caused or enabled), independently or jointly with others, (i) during my employment with the Company; or (ii) which result or arise from or relate to my employment with the Company, or work performed by or for the Company, or any Confidential Information; or (iii) with the use of any Company equipment, supplies, facilities, trade secrets or proprietary information of the Company; or (iv) which relate to the Company's business, technology or research and development (the **"Inventions"),** and any and all right, title and interest in and to the Inventions, including without limitation, all patents, copyrights, trademarks, trade names, moral rights and other intellectual, industrial and/or proprietary rights and applications, extensions and renewals associated therewith (collectively and together with the Inventions, the **"Proprietary Rights"),** shall be the sole and exclusive property of the Company, its successors and assigns (for the purposes of this Section 2, collectively, the **"Company").** All works authored by me pursuant to the Employment Agreement, including without limitation the Inventions, shall be deemed "work made for hire".

2.2. I shall have no title, rights, claims or interest whatsoever in or with respect to the Proprietary Rights. I hereby acknowledge and agree that the salary and other benefits to which I am entitled to receive from the Company by virtue of my employment with the Company constitute the sole and exclusive consideration to which I am entitled, by virtue of any contract or law (including, but not limited to, the Israel Patent Law, 5727-1967 (the **"Patent Law")),** in respect of any and all Inventions, and I hereby waive all past, present and future demands, contentions, allegations or other claims, of any kind, in respect thereof, including the right to receive any additional royalties, consideration or other payments. Without derogating from the aforesaid, I hereby acknowledge and agree that the level of the compensation and consideration to which I am entitled has been established based upon the aforementioned waiver of rights to receive any such additional royalties, consideration or other payment. The foregoing will apply to any "Service Inventions" as defined in the Patent Law and under no circumstances will I be deemed to have any proprietary right in any such Service Invention, notwithstanding the provision or non-provision of any notice of an invention and/or company response to any such notice, under Section 132(b) of the Patent Law. This Undertaking and the Employment Agreement are expressly intended to be an agreement with regard to the terms and conditions of consideration for Service Inventions in accordance with Section

134 of the Patent Law.

2.3. I hereby irrevocably and unconditionally transfer and assign to the Company, and if and when not otherwise assignable herein, agree and undertake to transfer and assign to the Company in the future, any and all of my rights, tide and interest, now and hereafter acquired, in and to the Proprietary Rights, (without any payments, liabilities or restrictions to any person or third party) in any and all media now known or hereafter devised, and all claims and causes of action of any kind with respect to any of the

foregoing, throughout the world in perpetuity.

In the event that pursuant to any applicable law I retain any rights in and to the Proprietary Rights that cannot be assigned to the Company, I hereby unconditionally and irrevocably waive any right, claim or demand with respect thereto (including without limitation for any compensation, royalty or reward, or the enforcement of all such rights), and all claims and causes of action of any kind with respect to any of the foregoing, and agree, at the request and expense of the Company, to consent to and join in any action to enforce such rights and to procure a waiver of such rights from the holders of such rights, if any.

In the event that I retain any rights in and to Proprietary Rights that cannot be assigned to the Company and cannot be waived, I hereby grant the Company an irrevocable, exclusive, perpetual, worldwide, royalty-free license to exploit, use, develop, perform, modify, change, reproduce, publish and distribute, with the right to sublicense and assign such rights, and all claims and causes of action of any kind with respect to any of the foregoing, in and to the Proprietary Rights, in any way the Company sees fit and for any purpose whatsoever. Without derogating from the above, I hereby forever waive and agree never to assert any and all rights of paternity or integrity, any right to claim authorship of any Invention, to object to any distortion, mutilation or other modification of, or other derogatory action in relation to any Invention, and any similar right.

2.4. I will promptly disclose to the Company fully and in writing all Inventions but will otherwise keep the Inventions in strict confidence in accordance with the provisions of Section 1 above.

2.5. I further agree and undertake to take all necessary measures and to fully cooperate with the Company, during and after the term of my employment, in order to perfect, enforce, and/or defend the Proprietary Rights, and effectuate the Company's title and interest therein, including without limitation as follows: (i) to keep accurate records relating to the conception and reduction to practice of all Proprietary Rights, which records shall be the sole and exclusive property of the Company and shall be surrendered to the possession of the Company, immediately upon their creation; and (ii) to provide the Company with all information, documentation, and assistance, including the preparation or execution, as applicable, of documents, declarations, assignments, drawings and other data, all such information, documentation, and assistance to be provided at no additional expense to the Company, except for out-of-pocket expenses incurred by me at the Company's request or with the Company's prior written consent. Without derogating from any of my obligations hereunder, I hereby appoint any officer of the Company as my duly authorized agent to execute, file, prosecute and protect the same before any government agency, court or authority.

3. NON-COMPETITION; NON-SOLICITATION

3.1. I agree and declare that, so long as I am an employee of the Company, and for a period of twelve (12) months following termination of my employment, I will not, directly or

indirectly, (i) engage in, participate, assist or become financially interested in, any business venture worldwide that is engaged in any activity competing with or similar to Company's Business; (ii) employ or otherwise engage, recruit or otherwise solicit, induce or influence any person to leave the employment or service of the Company; and (iii) solicit or encourage any customer, supplier or service provider to terminate or modify adversely its business relationship with the Company or otherwise intervene in any relationship between the Company and any of its employees, contractors, suppliers or consultants.

3.2. For the purposes of this Section 3, **"Company's Business"** shall mean research, development and commercialization activities relating to the field of business engaged or planned by the Company during the term of my employment with the Company (including research and development activity). I expressly acknowledge that the business objectives and targeted operating market of the Company are worldwide, and consequently the obligations prescribed in this Section 3 shall apply on a worldwide basis.

For the purposes of this Section 3, **"directly or indirectly"** includes doing business as an owner, partner, joint venturer, an independent contractor, shareholder, director, officer, manager, broker, agent, employee, service provider or advisor, licensor or in any other capacity whatsoever, but does not include holding up to 1% of the free market shares of any publicly traded companies.

3.3. I hereby acknowledge that the provisions of this Section 3 are reasonable to legitimately protect Confidential Information, Proprietary Rights and Company property (including intellectual property and goodwill) to which I, in my position in the Company, have been and will continue to be exposed, and that my compensation under the Employment Agreement incorporates special consideration with respect for these non-competition undertaking.

4. General

4.1. The undersigned understands and agrees that monetary damages would not constitute a sufficient remedy for any breach or default of the obligations contained in this Undertaking, and that the Company shall be entitled, without derogating from any other remedies, to seek injunctive or other equitable relief to remedy or forestall any such breach or default or threatened breach.

4.2. The provisions of the Employment Agreement relating to term and termination and the general provisions thereof shall apply to this Undertaking, *mutatis mutandis.*

IN WITNESS WHEREOF, I hereby affix my name and signature, on this 16 day of November, 2011.

/s/ Eran Rotem

[Translated from Hebrew]

Exhibit C — Notice of Employment Terms details

1. Employer:

   · CollPlant Ltd
   · Legal status: Limited company
   · Company No: 513578260
   · Address: 3 Sapir Street, Nes Ziona

2. Employee:

   · Name: Eran Rotem
   · ID No: XXXXXXX
   · Address: Habe'erot Way, POB 144, Moshav Mishmeret 40695
   · Start of employment: February 1, 2012
   · Contract period: Indefinite

3. Main positions of the employee in the Company are;

   a. Chief Financial Officer

4. Direct superior of employee or description of position of direct superior: Company's CEO
5. Basis for payment of salary: Monthly salary
6. Total of all fixed payments paid to employee as salary (gross) is NIS 45,500
7. Company car class 4. Tax costs are responsibility of the employee.

Details of all payments to be paid to employee as remuneration are:

Fixed payments		Non-fixed payments	
Type of payment	**Date of payment**	**Type of payment**	**Date of payment**
Salary	9th of each month	Bonus	As per contract
Convalescence pay	1/12 of applicable annual payment, on the 9th of the month	Options	As per contract

8. Length of employee's regular working day is the length of the regular working day of an employee in a similar position to that of the employee, but in all circumstances shall not be less than 8.5 hours per day for a full time position.
9. Employee's weekly day of rest: Friday, Sabbath [Saturday].
10. Payments for social benefits to which the employee is entitled that will be made from the start of employment:

Type of payment	Receiving body and Plan name	% payment of employee	% payment of employer	Date of start of payment
Pension				
Executive Insurance Plan		5%	13.33%	
Savings (Education Fund etc)		2.5%	7.5%	
Disability payment		Up to 2.5%		

It is stipulated that the employee's right to the monies transferred for severance pay is subject to the law and the employment agreement between the employee and employer. Details of the payments transferred for severance pay do not establish a waiver by the employer of any right it might have for the reimbursement of monies from its payments, or grant the employee any right to receive the aforesaid monies.

This notice is not an employment agreement, but rather a notice by the employer concerning the main terms of employment. Nothing in this notice shall derogate from any right granted in law, by an expansion order, collective agreement or employment contract.

Signature of employer: _____

Date: October 30, 2011
[Hebrew original is signed]

Execution Copy

CONSULTING AND SERVICES AGREEMENT

THIS CONSULTING AND SERVICES AGREEMENT (this **"Agreement"**), is made and entered into as of August 10, 2008 (the **"Effective Date"**), by and between CollPlant Ltd., a company registered under the laws of the State of Israel (the **"Company"**) and Prof. Oded Shoseyov (**"Consultant"**). The Company and Consultant may be referred to herein individually as a **"Party"** and collectively as the **"Parties"**.

WHEREAS, Consultant is a founder and shareholder of the Company, serves as a member of the Board of Directors of the Company (the **"Board"**), and has provided the Company with services since its incorporation; and

WHEREAS, the Company desires that Consultant continues to provide certain services to the Company, and Consultant desires to continue to perform said services for the Company, as more fully described and on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual undertakings of the Parties, it is hereby agreed as follows:

1. Appointment; the Services

1.1. The Company hereby ratifies and retains Consultant to serve as its Chief Scientist (the **"Position"**). Within the scope of the Position, Consultant shall report to the Chief Executive Officer of the Company (the **"CEO"**), and shall perform such duties and activities as are customarily performed by a chief scientist of a company operating in the Company's industry and as shall be directed from time to time by the CEO.

Without derogating from the generality of the above, Consultant shall be primarily responsible for the strategic oversight and guidance of the Company's research and development activities, the initiation and development of new markets and applications and the Company's representations and scientific conferences and events.

1.2. Consultant shall devote two (2) working days per business week for the performance of the Services. In addition, Consultant acknowledges and agrees that the performance of the Services may also require domestic and international travel, at the Company's request and expense, as shall be coordinated in advance with Consultant.

1.3. Consultant shall provide the Services at the offices of the Company and at its greenhouse(s), as may be located from time to time, and at such other places and locations as shall be agreed between the Parties, and shall be available for consultations and meetings with the Company and/or third parties.

2. Representations, Warranties and Covenants

Consultant hereby represents, warrants and covenants to the Company, and acknowledges that the Company is entering into this Agreement in reliance thereon, as follows:

2.1. Consultant has the necessary skills, knowledge, experience and expertise to fulfill his obligations hereunder, shall do so diligently, professionally and conscientiously and shall use his best efforts in the performance thereof.

2.2. The execution and delivery of this Agreement and the fulfillment of the terms hereof will constitute the valid, binding and enforceable obligations of Consultant and will not violate, conflict with or constitute a default under or breach of any agreement and/or undertaking and/or

instrument, judgment, order, writ or decree to which Consultant is a party or by which he is bound, or any provision of law, rule or regulation applicable to Consultant, and do not require the consent of any person or entity, except for the consent of Yissum Research Development Company of the Hebrew University of Jerusalem (**"Yissum"**), attached hereto as **Exhibit A.** In the performance of Consultant's obligations hereunder, he will not make use of (i) any confidential or proprietary information belonging to any third party, or (ii) any information to which Consultant is restricted from disclosing or using due to contractual undertakings or by law.

2.3. In the performance of the Services, Consultant will comply with all applicable laws and regulations, including without limitation Company policies and procedures.

2.4. Consultant shall be entitled to continue to provide the business services set forth in **Exhibit B** attached hereto, as currently conducted, and to pursue additional business or other activities (collectively, **"Additional Activities"**), provided, however, that any Additional Activities, or a material change thereto, shall be notified to the Company in writing in advance, and provided, further, that Consultant will refrain from engaging in any business or other activity which may be of conflict of interest with Employee's position with the Company, the performance of his duties and responsibilities pursuant to this Agreement and/or with the best interests of the Company, and shall promptly notify the Company of any such matter or activity.

2.5. Consultant will not accept, whether during the term of this Agreement or at any time thereafter, directly or indirectly, any payment, benefit and/or other consideration, from any third party in connection with Consultant's engagement with the Company, without the Company's prior written authorization.

3. Fees and Payment

3.1. In full consideration for Services rendered by Consultant in accordance with this Agreement, Consultant shall be entitled to the following payments and rights:

3.1.1. Effective as of January 1, 2008, a monthly consulting fee equal to US$ 6,000 (+V.A.T) (the "Fee"). The Fee shall be increased to US$ 8,000 (+V.A.T) on January 1, 2009. Prior to the end of 2009, the Board (or any committee thereof) will review the Fee to be payable to Consultant during 2010.

3.1.2. An option to purchase an aggregate of up to 6,310 Ordinary Shares of the Company, par value NIS 0.10 each (the **"Option"** and the **"Shares"**, respectively). The general terms underlying the Option are set forth in **Exhibit C** attached hereto; and

3.1.3. Bonus payments as set forth below, payable to Consultant based on the successful achievement of the applicable objective, as shall be determined by the Board:

(a) The execution of a substantial commercial agreement with a pharmaceutical company - US$ 50,000; and

(b) The consummation of an IPO or a Transaction (as such terms are defined in the Company's 2004 Israeli Share Ownership Plan (or other share incentive plan adopted by the Board from time to time) (the **"Plan"**), prior to December 31, 2010 - US$ 100,000.

3.2. Consultant shall provide the Company a duly executed VAT invoice for each monthly Fee, by no later than the thirtieth (30th) day of each calendar month. The Fee shall be paid by the Company collectively on a monthly basis in arrears, within thirty (30) days following receipt of Consultant's invoices, in NIS at an exchange rate representing 4 NIS per 1 US$.

3.3. Consultant shall provide the Company with an invoice and receipt for each payment made hereunder. Consultant shall be solely responsible for the payment of all taxes with respect to the services hereunder for which Consultant may be liable, if any (including without limitation in connection with the Option), when due, provided, however, that the Company may withhold, deduct

or set-off at source any amount from payments hereunder or in connection with this Agreement, as may be required by applicable law.

3.4. All payments made by the Company hereunder include all taxes levied or imposed upon on or in connection with the Services, and said payments shall be solely made against proper invoices in accordance with applicable law.

3.5. Consultant shall not be entitled to receive any other right, compensation or payment from the Company in connection with the Services, other than as expressly stated in this Section 3.

4. Confidentiality, Proprietary Rights and Non-Competition

Upon execution hereof, Consultant shall execute and deliver the Confidentiality, Proprietary Rights and Non-Competition Undertaking attached hereto as **Exhibit D** (the **"Undertaking"**).

5. Term and Termination

5.1. The term of this Agreement shall commence as of the Effective Date and shall continue in full force and effect until terminated by either of the Parties by a ninety (90) days' prior written notice to the other Party (the **"Notice Period"**).

5.2. Notwithstanding anything to the contrary herein, the Company may terminate this Agreement at any time, and without derogating from any other remedy to which the Company may be entitled, for Cause (as hereinafter defined), by providing Consultant written notice thereof. In such event, this Agreement shall be deemed effectively terminated as of the date of delivery of such notice, without any notice period or redemption thereof.

The term **"Cause"** shall mean, but shall not be limited to: (i) a breach by Consultant of any of the material terms or conditions of this, or any other, Agreement, including but not limited to the provisions of the Undertaking, which has not been cured (if may be cured) within fourteen (14) days of receipt of written notice of such breach; or (ii) Consultant's willful misconduct, or action of personal dishonesty, bad faith or breach of trust towards the Company or any of its subsidiaries and/or affiliates; or (iii) the commission by Consultant of a criminal offense, or fraud against the Company and/or any of its subsidiaries and/or affiliates.

5.3. Upon termination of this Agreement, Consultant shall return to the Company any and all documents and materials pertaining to his work with the Company and any and all property of the Company that he may have in his possession.

5.4. The provisions of Sections 2.5 and 3.4 above and Sections 6 and 8.6 below and the provisions of the Undertaking, will remain in full force and effect after termination or expiration of this Agreement.

6. Relationship of the Parties; Independent Contractor

6.1. The Parties agree that Consultant shall be an independent contractor of the Company and in no event shall an employer-employee or principal-agent relationship be established between the Parties.

6.2. In the event that, notwithstanding the Parties' express representations and agreements hereunder, it shall, at any time, be determined by a court of competent jurisdiction that employer- employee relations exist between the Company and Consultant, then the following provisions shall apply:

6.2.1. For the period for which it is claimed or determined that an employer- employee relationship existed between the Parties (the **"Employment Period"**), Consultant's total monthly salary shall be such amount equal to 70% (seventy percent) of the average aggregate

monthly payment or fee, actually received by Consultant during the Employment Period (for the purposes of this Section 2, the **"Monthly Salary"**);

6.2.2. The Monthly Salary shall be deemed to include all of the Company's liabilities and obligations towards Consultant, of any source or origin, with respect to and in connection with said employer-employee relationship, except for such rights with respect to which global compensation may not be determined pursuant to applicable law; and

6.2.3. Consultant shall return and repay the Company any and all amounts paid to him in excess of the Monthly Salary for the Employment Period, along with lawful interest and linkage differentials with respect thereto, calculated from the date of original payment of each amount by the Company to Consultant to the date of actual repayment by Consultant as aforesaid.

6.3. The above provisions shall also apply with respect to Section 29 of the Severance Payment Law (1963).

6.4. In addition, in the event that the relationship between the Parties during the period of provision of the Services, or any part thereof, shall be claimed, regarded or determined by Consultant and/or anyone on his behalf or any third party, including, without limitation, any governmental or judicial and/or tax authority, as an employer-employee relationship, Consultant shall reimburse and indemnify the Company for any and all costs, liabilities, payments and/or expenses the Company may incur or be demanded in connection with such claim, demand and/or obligation, including, without limitation, reasonable legal expenses.

6.5. The Company shall be entitled to off-set any amounts due to it under this Section 6 from any amounts payable to Consultant pursuant to this Agreement, subject to applicable law.

7. Notices

All notices and other communications required or permitted to be given or sent hereunder shall be given in writing and shall be deemed to have been delivered for all purposes upon the earlier of: (i) within three (3) days following the date upon which it was deposited for registered mail; (ii) the first business day after it was transmitted by fax or e-mail (with confirmation of transmission); and (iii) upon personal delivery.

8. Miscellaneous

8.1. Further Assurances. The Parties hereby undertake to execute all necessary documentation and take all further action as may be required in order to fulfill the purposes of this Agreement.

8.2. Headings; Interpretation. The headings of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in interpreting this Agreement or for any other purpose.

8.3. Entire Agreement. This Agreement, including all schedules and exhibits attached thereto, constitutes the entire agreement between the Parties with respect to the subject matter hereof and thereof, and supersedes all prior understandings, agreements and discussions between them, oral or written, with respect to the subject matter hereof.

8.4. Amendment; Waiver. No provision of this Agreement may be amended or modified unless agreed to in writing and signed by the Parties.

The observance of any term hereof may be waived (either prospectively or retroactively and either generally or in a particular instance) only with the written consent of the Party against such waiver is sought. No waiver by either Party at any time to act with respect to any breach or default by the other Party of, or compliance with, any condition or provision of this Agreement to be performed by such other Party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

8.5. Successors and Assigns; Assignment. Subject to the provisions hereof, this Agreement shall be binding upon and shall inure to the benefit of the successors, assigns, heirs, executors and administrators of the Parties. Neither this Agreement nor any of the Consultant's rights, privileges, or obligations hereunder may be assigned or transferred without the Company's prior written consent. The Company may freely assign and/or transfer this Agreement and any of its rights, privileges or obligations hereunder, to an affiliate or successor in interest.

8.6. Governing Law. This Agreement and any claim related directly or indirectly hereto shall be governed by and construed in accordance with the laws of the State of Israel (without regard to the conflicts of law provisions thereof). The appropriate courts of Tel-Aviv, Israel, shall have exclusive jurisdiction over any dispute related hereto.

8.7. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any part of this Agreement is determined to be invalid, illegal or unenforceable, such determined shall not affect the validity, legality or enforceability of any other part of this Agreement; and the remaining parts shall be enforced as if such invalid, illegal, or unenforceable part were not contained herein, provided, however, that in such event this Agreement shall be interpreted so as to give effect, to the greatest extent consistent with and permitted by applicable law, to the meaning and intention of the excluded provision as determined by such court of competent jurisdiction.

8.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

[*Signature Page to Consulting and Services Agreement*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives to be effective as of the Effective Date.

/s/ Efi Cohen Arazi	/s/ Oded Shoseyov
COLLPLANT LTD.	**PROF. ODED SHOSEYOV**
Name: Efi Cohen Arazi	
Title: Chairman	
Address: P.O. Box 2310, Rechovot 76122, Israel.	Address: 5 Erez Karme Yosef
Fax: +972-8-9480301	Fax: +972-8-9462283

Exhibit A

Date:

To:
CollPlant Ltd. and Prof. Oded Shoseyov

Re: CollPlant Ltd.

1. Reference is made to that certain Consulting and Services Agreement dated August , 2008, by and between Prof. Oded Shoseyov (**"Consultant"**), and CollPlant Ltd. (the **"Company"**) (the **"Agreement"**). Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Agreement.

2. Yissum Research Development Company of the Hebrew University of Jerusalem (**"Yissum"**) hereby confirms that it has the requisite corporate power and authority to execute and deliver this letter of agreement, *inter alia,* in the name and on behalf of the Hebrew University of Jerusalem (the **"University"**). Without derogating from the generality of the above, Yissum hereby confirms that the rights and title to all inventions and research results of scientists of the University, including but not limited to Consultant, vest solely with Yissum.

3. Yissum hereby confirms and consents to the engagement of Consultant by the Company, as set forth in the Agreement. Without derogating from the generality of the above, Yissum hereby (i) approves and consents to the assignment of Company Inventions and Proprietary Rights to the Company, and confirms, represents and warrants that it does not and will not have any right, claim or demand with respect thereto; and (ii) approves, joins in and agrees to be fully bound by the Company Right granted to the Company therein, and shall for all purposes be deemed a party thereto.

Exhibit B

Additional Activities

CBD-Technologies/Futuragene, EFAL, Biolab, Insight, Biodalia, Fulcrum, Shaligal, Beckman-DSL, Allergy blockers, G-paper.

Exhibit C

Option General Outline

1. The Option shall be granted pursuant to the terms and conditions of the Plan and an option agreement to be executed between the Parties in a form approved by the Board (the **"Option Agreement"**), and subject to the receipt of all approvals required under any applicable law including any applicable tax laws, and the execution and delivery by Consultant of all other instruments required by the Board with respect to the Option.

2. The Option shall be granted in four (4) installments (each, an **"Installment"**), upon the successful achievement of the applicable milestone, as shall be determined by the Board, as follows:

No. of Shares Underlying the Option Installment	Milestone
1,578	The production, in the Company's laboratory or by outsourcing, of 100 mg. production batch of telo-collagen or pro-collagen.
1,578	The submission of a new patent application in the full ownership of the Company, the subject matter(s) or claim(s) thereof not being a derivative, improvement, continuation or the like of a then existing Company patent or patent application.
1,577	Manufacture of prototype of composite material.
1,577	Growth of new plant clone for a recombinant protein other than the original type I pro-collagen construct.

3. Each Installment shall be subject to a two (2)-years vesting schedule as of the date of its grant, such that 25% of the Shares shall vest upon each annual anniversary of the date of the grant of such installment, provided, however, that Consultant continues to be engaged by the Company hereunder upon such vesting dates.

   Notwithstanding the foregoing and the provisions of Section 9.1 of the Plan, if the Company consummates an IPO or a Transaction, all unvested portions of granted Installment(s) shall vest as of immediately prior to the consummation of such transaction. In addition, in the event of termination of Consultant's engagement by the Company (other than for Cause), the vesting of each granted Installment shall continue until the last date of the Notice Period.

4. The Option shall be exercisable at a price per Ordinary Share equal to US$ 65.35.

Exhibit D

CONFIDENTIALITY, PROPRIETARY RIGHTS AND NON-COMPETITION UNDERTAKING

The following Undertaking confirms certain terms of my engagement with CollPlant Ltd. (the **"Company"**), which is a material part of the consideration for my engagement by the Company and the compensation received by me from the Company from time to time. Capitalized terms not defined herein shall have the meaning ascribed to them in the Consulting and Services Agreement to which this Undertaking is attached (the **"Agreement"**).

1. CONFIDENTIALITY

1.1. I acknowledge that in the course of my engagement with the Company I may (or may have) receive(d), learn(ed), be(en) exposed to, obtain(ed), or have (had) access to non-public information relating to the Company, its business, operations and activities, including without limitation commercial, financial, business and technical information, inventions, developments, processes,

specifications, technology, know-how and trade secrets, information regarding marketing, operations, plans, activities, customers, suppliers, business partners, investors, etc. (**"Confidential Information"**), and hereby undertake: **(a)** to maintain the Confidential Information in strict confidence at all times and not to communicate, publish, reveal, describe, allow access to, divulge or otherwise disclose, expose or make available Confidential Information in whole or in part, to any person or entity, all whether directly or indirectly, and whether in writing or otherwise; and **(b)** not to use or exploit the Confidential Information for any purpose other than for the performance of my engagement obligations.

1.2. I further recognize that the Company may receive confidential or proprietary information from third parties, subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Such information shall also be deemed "Confidential Information" hereunder, *mutatis mutandis.*

1.3. In addition, I represent and warrant that I will keep the terms and conditions of the Agreement and this Undertaking strictly confidential and will not disclose it to any third person unless and to the extent required by applicable law or to my professional advisors and subject to prior written notice to the Company.

1.4. Upon the earlier of the Company's request or the termination of my engagement, I shall return to the Company any and all documents and other tangible materials containing Confidential Information, and shall erase or destroy any computer or data files in my possession containing Confidential Information, such that no copies or samples of Confidential Information shall remain with me.

1.5. Without derogating from the above, all Confidential Information made available to, received by, or generated by me shall remain the exclusive property of the Company (or its respective owners), and no license or other right in or to the Confidential Information is granted hereby or otherwise. Any and all material (including without limitation, files, records, documents, design, drawings, specifications, equipment, notebooks, notes, memoranda, diagrams, blueprints, bulletins, formula, reports, analyses, computer programs, software) and data of any kind relating to Confidential Information and/or Proprietary Rights (as defined below), whether prepared by the undersigned or otherwise coming or having come into my possession, and whether or not marked or classified as Confidential Information, shall remain the exclusive property of the Company (or its respective owners).

2. PROPRIETARY RIGHTS

2.1. Definitions. In this Section 2, unless the context otherwise requires:

(a) **"Inventions"** means inventions, ideas, concepts, works of authorship, discoveries, designs, technology, products, developments, improvements, derivations, modifications, enhancements, materials, data, compositions of matters, formulations, processes and techniques, methods of use, delivery and diagnostics, know-how, results and proceeds, all whether or not patentable, copyrightable or otherwise protectable.

(b) **"Company Inventions"** means Inventions that relate to or arise from Company Business (as defined below) and are conceived, conducted, designed, developed, reduced to practice, complied, created, written, authored, made and/or produced, in whole or in part, by the undersigned (or so caused or enabled by), alone or jointly with others, as of the Company's incorporation and during the term of the Agreement, whether or not pursuant to, in connection with, resulting or arising from the Agreement and/or Confidential Information or using equipment, supplies, facilities or trade secrets of the Company. All works authored pursuant to the Agreement shall be deemed "work made for hire" and Company Inventions.

(c) **"Proprietary Rights"** means any and all right, title and interest in and to Inventions or Company Inventions, as the case may be, or based thereon, including without limitation, all intellectual, industrial and/or proprietary rights.

(d) The **"Company"** means the Company, its affiliates, successors and assigns.

(e) **"Company Business"** means research, development, commercialization or other exploitation (either whether conducted or planned to be conducted) relating to the following fields: (i) recombinant collagen in transgenic plants, including without limitation production processes and analytical methods, and its applications and derivatives; and (ii) recombinant proteins in transgenic plants, E.coli. and yeast, including without limitation production processes and analytical methods, and their applications and derivatives.

The Company Business may be updated and revised from time to time by the Board, provided, however, that a material change to the Company Business shall be notified to Consultant promptly following its approval by the Board.

2.2. Company Inventions. The undersigned hereby agrees and declares that any and all right, title and interest in and to Company Inventions and Proprietary Rights, shall be the sole and exclusive property of the Company. The undersigned hereby irrevocably and unconditionally assigns, transfers and conveys to the Company, and if and when not otherwise assignable herein, agrees and undertakes to assign, transfer and convey to the Company in the future, to the full extent of its ownership or interest therein, any and all of his rights, title and interest, now and hereafter acquired, of every kind and character, in and to the Company Inventions and Proprietary Rights (without any payments, liabilities or restrictions to any person or third party), in any and all media now known or hereafter devised, and all claims and causes of action of any kind with respect to any of the foregoing, throughout the world in perpetuity, and the undersigned forever waives any claim, right or demand with respect thereto (including without limitation for any compensation, royalty and/or reward), and forever waive and agree never to assert any and all rights of paternity or integrity, any moral right or any right to claim authorship of any Invention and/or any similar right.

The undersigned hereby warrants and represents that as of the date hereof, there are no Inventions conceived,

conducted, designed, developed, reduced to practice, complied, created, written, authored, made and/or produced, in whole or in part, by the undersigned (or so caused or enabled by), alone or jointly with others, relating in any way to any of the Company Business, including products or research and development, which are not assigned to the Company hereunder. In the event that, notwithstanding the above, Consultant incorporates into a Company product, process or service any such Invention, the Company is hereby granted and shall have an exclusive,

royalty-free, irrevocable, perpetual, worldwide license (with the right to sublicense) to make, have made, copy, modify, make derivative works of, use, sell and otherwise distribute such Invention as part of or in connection with such product, process or service.

2.3. Company Right of First Look.

(a) The undersigned hereby grants the Company the exclusive right of first development and commercialization (the **"Company Right"**) with respect to any Invention which is not within the scope of the Company Inventions that may be conceived, conducted, designed, developed, reduced to practice, complied, created, written, authored, made and/or produced, in whole or in part, by the undersigned (or so caused or enabled by), alone or jointly with others, during the term of the Agreement (the **"New Projects"**).

(b) If the undersigned proposes to initiate or develop any such New Project, he shall first present such New Project to the Company and provide it with a three (3) month evaluation period (the **"Evaluation Period"**), in which to indicate its interest in proceeding with such New Project. During the Evaluation Period, the undersigned will promptly provide data available to him regarding the New Project and any other applicable data as reasonably requested by the Company to assist it in its evaluation.

(c) Should the Company notify the undersigned and Yissum that it wishes to proceed, the parties shall have additional three (3) months (the **"Negotiation Period"**) in which to agree on a program and budget for the development of the New Project and each of the undersigned, the Company and Yissum agrees to commence good faith and commercially reasonable efforts to enter into a definitive agreement relating to the New Project.

(d) During the Evaluation Period and the Negotiation Period, the Company shall have the exclusive right to evaluate the New Project and neither the undersigned or Yissum will not (i) engage in any discussions with any third party relating to the New Project or provide any information or data relating to such project to any third party; (ii) permit any third party to inspect or evaluate the New Project; or (c) enter into any agreement with a third party regarding such New Project.

2.4. Other Inventions. The provisions of this Section 2 shall not apply to: (i) a certain method developed by the undersigned for production of fibers by jet printing; and (ii) US Provisional Patent Application 60/996,581 "PREPARATION OF POLYSACCHARIDE COMPOSITES WITH RESILIN PROTEIN COMPOSITIONS" - filed November 26, 2007", which are currently subject to ongoing negotiations between the Company and Yissum.

2.5. Disclosure of Inventions. The undersigned will promptly disclose to the Company fully and in writing any and all Inventions, but will otherwise keep Inventions in strict confidence in accordance with the provisions of Section 1 above.

2.6. Further Assurances; Authorization. The undersigned agrees and undertakes to take all necessary measures and to fully cooperate with the Company, during and after the term of his engagement, in order to perfect, enforce, and/or defend the Company Inventions and Proprietary Rights, and effectuate the Company's title and interest therein, including without limitation as follows: (i) to keep accurate records relating to the conception and reduction to practice of all Company Inventions and Proprietary Rights, which records shall be the sole and exclusive property of the Company and shall be surrendered to the possession of the Company, immediately upon their creation; and (ii) to provide the Company with all information, documentation, and assistance, including the preparation or execution, as applicable, of documents, declarations, assignments, drawings and other data; and (iii) perform such other acts as the Company may reasonably request, to facilitate its right to obtain, protect, maintain, defend or enforce any of the Company Inventions and Proprietary Rights. During the term of the undersigned's engagement with the Company, all such information, documentation, and assistance shall be provided at no additional expense to the

Company, except for out-of-pocket expenses incurred by the undersigned at the Company's request or with the Company's prior written consent. Following termination of engagement, the Company shall bear the costs reasonably incurred by Consultant in the performance of his obligations hereunder, at the Company's request or with the Company's prior written consent.

3. NON-COMPETITION; NON-SOLICITATION

3.1. The undersigned hereby undertakes that he will not, directly or indirectly:

(a) Solicit or encourage any customer, supplier, service provider, contractor, consultant or employee of the Company to terminate or modify adversely its business relationship with the Company or otherwise interfere in any relationship between the Company and any of its customers, suppliers, service providers, contractors, consultants or employees; or

(b) Entice or solicit to employ or engage (or employ or otherwise engage), directly or indirectly, any individual employed or otherwise engaged by the Company; or

(c) Perform any services for any third party that, or otherwise engage in any activity which, competes with the business or technology of the Company as currently conducted and as proposed to be conducted from time to time during the Non-Competition Period (as defined below).

3.2. The above provisions shall apply to the undersigned directly and indirectly, alone or jointly with others, whether as an employee, advisor, service provider, founder, partner, holder of equity interest (except from the holding of equity securities not greater than 1% in a publicly traded company) or otherwise, for so long as, **(i)** the Agreement is in effect; **(ii)** the undersigned holds Company securities; **(iii)** the undersigned serves as a member of the Board (or is entitled to nominate any of the members of the Board); or **(iv)** the undersigned is otherwise engaged with the Company, and for a period of two (2) years after the later of the above lapses (the **"Non-Competition Period"**).

3.3. The undersigned hereby acknowledges that the provisions of this Section 3 are reasonable to legitimately protect Confidential Information, Company Inventions and Proprietary Rights and Company property (including intellectual property and goodwill) to which I, in my position in the Company, have been and will continue to be exposed, and that my compensation under the Agreement incorporates special consideration with respect for these non-competition undertaking. I expressly acknowledge that the business objectives and targeted operating market of the Company are worldwide, and consequently the obligations prescribed in this Section 3 shall apply on a worldwide basis.

4. General

4.1. The undersigned understands and agrees that monetary damages would not constitute a sufficient remedy for any breach or default of the obligations contained in this Undertaking, and that the Company shall be entitled, without derogating from any other remedies, to seek injunctive or other equitable relief to remedy or forestall any such breach or default or threatened breach.

4.2. The provisions of the Agreement relating to term and termination and the general provisions thereof shall apply to this Undertaking, *mutatis mutandis.*

IN WITNESS WHEREOF, I hereby affix my name and signature, on this day of August, 2008.

/s/ Oded Shoseyov

Name : Oded Shoseyov

Exhibit 21.1

Subsidiaries of CollPlant Holdings Ltd.

CollPlant Holdings Ltd. has the following subsidiary:

Subsidiary Name	Jurisdiction of Incorporation	Percentage of Ownership
CollPlant Ltd.	Israel	100%