Convenience Translation

CollPlant Holdings Ltd.

Interim Financial Information (Unaudited)

March 31, 2016

CollPlant Holdings Ltd.
Interim Financial Information

(Unaudited)
March 31, 2016

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CollPlant Holdings Ltd.
Condensed Consolidated Statements of Financial Position
March 31, 2016

	March 31		December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	NIS thousands		
Assets			
Current assets:			
Cash and cash equivalents	5,738	7,034	5,317
Receivables	3,972	2,038	3,241
	9,710	9,072	8,558
Non-current assets:			
Restricted deposit	544	577	565
Long term receivables	66	65	73
Property and equipment	2,462	2,363	2,612
Intangible assets	1,721	1,725	1,721
	4,793	4,730	4,971
Total assets	14,503	13,802	13,529
Liabilities and equity			
Current liabilities -			
Accounts payable			
Trade payables	2,259	1,818	2,496
Other	1,328	1,054	1,254
Total current liabilities	3,587	2,872	3,750
Equity:			
Ordinary shares	2,837	2,414	2,665
Additional paid in capital	147,890	130,918	140,704
Accumulated deficit	(139,811)	(122,402)	(133,590)
Total equity	10,916	10,930	9,779
Total liabilities and equity	14,503	13,802	13,529

Adi Goldin	Yehiel Tal	Eran Rotem
Chairman of the Board	CEO	CFO

The interim financial statements were approved by the Company's board of directors on March 29, 2016

The accompanying notes are an integral part of the condensed financial statements

CollPlant Holdings Ltd.

Condensed Consolidated Statements of Comprehensive Loss
for the three months ended March 31, 2016

	Three months ended March 31		Year ended December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	NIS thousands		
Research and development expenses:			
Research and development expenses	8,319	4,029	22,919
Participation in research and development expenses	(2,915)	(1,550)	(11,055)
Research and development expenses, net	5,404	2,479	11,864
General, administrative and marketing expenses	2,035	1,114	6,950
Operating loss	7,439	3,593	18,814
Financial income	3	145	215
Financial expenses	191	19	51
Financial expenses (income), net	188	(126)	(164)
Comprehensive loss for the period	7,627	3,467	18,650
Basic and diluted loss per ordinary share (NIS)	0.03	0.01	0.07
Weighted average of the number of ordinary issued shares - basic and fully diluted	273,905,071	241,392,352	254,018,556

The accompanying notes are an integral part of the condensed financial statements

CollPlant Holdings Ltd.
Condensed Consolidated Statements of Changes in Equity
for the three months ended March 31, 2016

	Equity attributable to shareholders of the Company			
	Ordinary shares	**Premium and options**	**Accumulated deficit**	**Total equity**
	NIS thousands			
Balance as at January 1, 2016 (audited)	2,665	140,704	(133,590)	9,779
Movement in the three months ended March 31, 2016 (unaudited):				
Comprehensive loss for the period			(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 as at March 31, 2016 (unaudited)	2,837	147,890	(139,811)	10,916
Balance as at January 1, 2015 (audited)	2,414	130,918	(119,021)	14,311
Movement in the three months ended March 31, 2015 (unaudited):				
Comprehensive loss for the period			(3,467)	(3,467)
Share-based compensation to employees and consultants			86	86
Balance as at March 31, 2015 (unaudited)	2,414	130,918	(122,402)	10,930
Balance as at January 1, 2015 (audited)				
Movement in 2015:				
Comprehensive loss for the year			(18,650)	(18,650)
Share-based compensation to employees and consultants			4,081	4,081
Issue of shares and options, net of issue expenses of NIS 1,297 thousand	250	9,760		10,010
Exercise of options for shares	1	26		27
Balance as at December 31, 2015 (audited)	2,665	140,704	(133,590)	9,779

The accompanying notes are an integral part of the condensed financial statements

CollPlant Holdings Ltd.
Condensed Consolidated Statements of Cash Flows
for the three months ended March 31, 2016

	Three months ended March 31		Year ended December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	NIS thousands		
Cash flows from operating activities:			
Net cash used in operations (see appendix)	(6,792)	(3,607)	(14,498)
Interest received			1
Net cash used in operating activities	(6,792)	(3,607)	(14,497)
Cash flows from investing activities:			
Purchases of property and equipment	(166)	(545)	(1,389)
Restricted deposit in use	21	(13)	
Net cash used for investing activities	(145)	(558)	(1,389)
Cash flow from financing activities:			
Proceeds from issue of shares and options, net of issue expenses	7,358		10,010
Proceeds from exercising options	-		27
Net cash from financial activities	7,358		10,037
Increase (decrease) in cash and cash equivalents	421	(4,165)	(5,849)
Cash and cash equivalents at the beginning of the period:	5,317	11,062	11,062
Gains from exchange differences on cash	-	137	104
Cash and cash equivalents at the end of the period	5,738	7,034	5,317

Notes to the Condensed Financial Statements
The accompanying notes are an integral part of the condensed financial statements

CollPlant Holdings Ltd.
Condensed Consolidated Statements of Cash Flows
for the three months ended March 31, 2016

	Three months ended March 31		Year ended December 31
	2016	2015	2015
	(Unaudited)		(Audited)
	NIS thousands		
Appendix to the condensed consolidated statement of cash flow			
used for operating activities:			
Loss for the period	(7,627)	(3,467)	(18,650)
Adjustments for:			
Depreciation and amortization	316	189	788
Share-based compensation to employees and service providers	1,406	86	4,081
Losses (gains) from exchange differences for cash and cash equivalents		(137)	(104)
Interest received			(1)
Gains from exchange differences for restricted deposits			(1)
	(5,905)	(3,329)	(13,887)
Changes in operating asset and liability items:			
Decrease (increase) in other long-term receivables	7	(13)	(1,693)
Decrease (increase) in other receivables	(732)	(490)	(21)
Increase (decrease) in trade payables	(236)	176	854
Increase (decrease) in other payables	74	49	249
	(887)	(278)	(611)
Net cash used in operating activities	(6,792)	(3,607)	(14,498)

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.
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")

B. In accordance with Regulation 4 of the Regulations for Periodic and Immediate Reports, the Company has not attached separate financial information to its consolidated financial statements in accordance with Regulation 38(D) of the Securities Regulations (Periodic and Immediate Reports), 1970. The Company did not include separate financial information due to the negligible effect that the separate financial statements have on the consolidated financial statements and since the separate financial statement does not add material information to the consolidated statements. For this purpose, the Company reviewed, among other things, the comparison of the separate financial information with the consolidated financial statements and the information provided in the consolidated financial statements. The information that was reviewed included the following items and their percentage of the consolidated financial statements:

	March 31, 2016	
	NIS thousands	**Percentage of consolidated financial statements**
Cash and cash equivalents	2,341	41%
Assets, with the exception of cash and cash equivalents	351	4%
Current liabilities	519	13%

	Three months ended March 31, 2016	
	NIS thousands	**Percentage of consolidated financial statements**
Operating expenses	267	14%

C. The Company has not yet generated income from its operations and as of September 30, 2015, has accrued 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 30, 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. Management believes that these funding sources will allow the Company's operations to continue into Q3 2016.

NOTE 1 – GENERAL (CONTD.)

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, which received CE marking at the beginning of 2016 (see Note 5 below); and a product for treatment of tendon inflammation. The introduction of the product for the treatment of tendon inflammation is based on the Company's application for CE marking for this product in December 2015.

The Company's plans also include signing a binding agreement with a leading US orthobiologic partner (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 sources to allow the continuation of operations beyond this period. These sources include (1) signing and implementing a final agreement with the US partner for the further development of a product for repairing fractures, including full financing of development costs and payments to the Company for a license to use the Company's technology; and (2) raising funds from private and/or institutional investors in Israel and overseas, according to the developments in section (1) above. 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.

NOTE 2 - BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

A. General

The Company's condensed consolidated financial information as at March 31, 2016 ("the Interim Financial Information") is prepared in accordance with IAS 34 - Interim Financial Reporting ("IAS 34") and includes additional disclosure in accordance with Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. 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"), and include the additional disclosure required in accordance with the Securities Regulations (Annual Financial Statements), 2010.

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 – ISSUE OF CAPITAL

On February 2, 2016, the Company raised NIS 8 million, gross, by way of a non-uniform offering to two institutional investors and a uniform offering to the public (issuing expenses amounted to NIS 643 thousand). In consideration, the Company issued 17,237,710 shares, 12,930,505 options (Series I) exercisable at an exercise price of NIS 0.80 per option, for three years, and 8,618,855 options (Series J) exercisable at an exercise price of NIS 0.575 per option, up to July 1, 2016. In addition, under the terms of the broker agreement, the Company issued 814,520 options (Series I) to the transaction broker under the same conditions set out above.

NOTE 5 - COOPERATION AGREEMENTS AND DEVELOPMENTS IN CLINICAL TRIALS

On February 23, 2016, the Company announced that it has received CE marking for Vergenix™ FG, a flowable gel for wound care. The medical product is a collagen-based gel for treatment of diabetic ulcers, burns, pressure sores, chronic wounds and surgical wounds. CE marking was received after a successful clinical trial in November, 2015.