

Nano Dimension Ltd.

(Formerly Z.B.I Ltd.)

Periodic Report for 2014

In accordance with the Company's notice dated March 12, 2014, the Company is a "small corporation" as this term is defined in the amendment to the Securities Regulations (Periodic and Immediate Reports) (Amendment), 5774-2014 (the "**Amendment**"), and the Company's board of directors has resolved to adopt all of the leniencies as stated for small corporations that were approved in the framework of the Amendment.

Balance sheet date: December 31, 2014

Report date: March 30, 2015

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Chapter A – Description of the Corporation’s Business

Part One – Description of General Development of the Company’s Business

In light of the nature of the subsidiary (Nano Dimension Technologies Ltd.) as a high-tech company engaged in research and development of a three-dimensional printer that prints electronic circuits, as will be set forth in this Report below, and in view of the lack of certainty regarding the success of its various products or its future penetration to the market, in the event of a failure in the technological development of the Company’s products or the inability to obtain the approvals required from the competent authorities in order to market and sell its products (insofar as required) or their penetration to the market, the Company’s investment in the development of its products may be useless; additionally, the subsidiary, as a research and development company, is required to raise capital to create a permanent positive cash flow from the sale of its products in order to finance its ongoing expenses. For additional details regarding the risk factors that characterize the Company’s area of activity, see Section 36 of this Report below.

1. General

- 1.1. Nano Dimension Ltd. (hereinafter: the “**Company**”) was incorporated in Israel in 1960 as a private company known as Polgat Woolen Industries Kiryat Gat Ltd. On December 30, 1981, the Company’s name was changed to Polgat Industries Ltd. On January 1, 1995, the Company’s name was changed to Polgat Ltd., and on October 28, 2007, the Company’s name was changed to ZBI Ltd. In 1977, the Company became a public company whose shares were listed for trade in the Tel Aviv Stock Exchange Ltd. (hereinafter: the “**Stock Exchange**”) and on October 29, 2014, the Registrar of Companies approved a change of the Company’s name to its current name.¹
- 1.2. Until August 25, 2014, the Company was a “shelf corporation” and did not have any business activity, excluding the Company’s administrative management; however, as of August 25, 2014, the date on which the merger transaction with Nano Dimension Technologies Ltd.² (formerly “Hyrax Technologies B.F. 2012 Ltd.”) was completed (hereinafter in this Report: “**Nano Dimension Technologies**” or the “**Subsidiary**”), and as of the date of the Report, the Company holds the business activity of the Subsidiary, which is held by the Company in full (100%), as set forth in this Report below.
- 1.3. For details regarding the activity of the Company for the period from January 1, 2014 and until the date on which the merger transaction with Nano Dimension Technologies was completed,

¹ On February 11, 2015, the Company published a notice whereby the Companies Registrar had sent the Company an amended certificate to change the Company’s name with an amendment to the Company’s English name. For additional details, see the Company’s report dated [sic] 2015-01-029677.

² On September 18, 2014, the Companies Registrar approved a change to the name of the Subsidiary from its previous name, Hyrax Technologies B.F. 2012 Ltd., to its current name.

including an immaterial private placement to the former controlling shareholders of the Company, Israel 18 BV (hereinafter: the “**Previous Controlling Shareholder of the Company**” or “**Israel 18**”), the engagement of the Previous Controlling Shareholder of the Company in the agreement for the sale of control in the Company, the completion of the transaction for the sale of control in the Company, distribution of profits and the like, see Sections 3, 4, 12.3.2 of Chapter A, “Description of the Corporation’s Business,” which the Company published in the framework of the periodic report for 2013 on March 28, 2014 [reference no.: 2014-01-027966] (hereinafter: the “**Company’s Periodic Report for 2013**”). For details regarding the Previous Controlling Shareholder of the Company, see the provisions of Article 21a of Chapter D – “Additional Details” – of the Company’s Periodic Report for 2013. As of this date, Israel 18 is not a controlling shareholder of the Company. As of the date of the Report, and in light of the completion of the merger transaction as described below, there is a “controlling block” in the Company under the Companies Law, 5759-1999 (hereinafter: the “**Companies Law**”) or the Securities Law, 5728-1968 (hereinafter: the “**Securities Law**”). For details regarding the control of the Company, see Section 2 of this Report below.

1.4. **Merger Transaction with Nano Dimension Technologies Ltd.**

- 1.4.1. On July 9, 2014, the Company’s board of directors, after receiving recommendations by the Audit and Remunerations Committees for the same, as applicable, approved the engagement of the Company with Nano Dimension Technologies Ltd. (“Hyrax” as it was formerly known and hereinafter: “**Nano Dimension Technologies**”) (a private company registered in Israel) and its shareholders in a contingent agreement for an extraordinary private placement, whereby upon the fulfillment of the conditions precedent, including (but not only) raising capital in the amount of USD 1.5 million (which was raised from investors and interested parties in the Company in consideration for the allocation of shares), shareholders of Nano Dimension transferred to the Company all of their holdings in shares of Nano Dimension Technologies, and in consideration, the Company allocated shares and stock options to them which granted them with holdings in a rate of 37.38% of the issued and paid up share capital of the Company, undiluted (hereinafter in this Report: the “**Merger Transaction**”).
- 1.4.2. On August 17, 2014, the general meeting of the Company’s shareholders approved the Merger Transaction, and provided its consent to all of the matters accompanying the same Transaction, including approving the engagement in the merger agreement with Nano Dimension Technologies and its shareholders, approving an allocation of shares, raising capital for investors against their investment in the Company for a total of USD 1.5 million (an overall allocation that granted, at the time, a rate of holdings of 32.01% of the issued and paid up share capital of the Company, undiluted) and about 40% on a fully diluted basis, approving the appointment of new directors of the Company (including the Company’s current controlling

shareholders), approving granting exemption and indemnification for the new directors, approving the remuneration and salary policy for new managers of the Company (the current controlling shareholders), approving the engagement in a run-off insurance policy for officers that served prior to the completion of the Transaction in the Company, and additional matters. For all of the details regarding the matters approved in the special general meeting, see the transaction report and the meeting invitation published on July 9, 2014 and the amendment thereto dated August 12, 2014 [reference no.: 2014-01-111354 and 2014-01-132780, respectively] and the results of the meeting dated August 17, 2014 [reference no.: 2014-01-135507], the contents thereof are included herein in this regard by way of reference.

- 1.4.3. The Merger Transaction was completed on August 25, 2014. As a result of its completion, there were new interested parties of the Company by virtue of their holdings and/or appointments as officers, including the four controlling shareholders serving as officers and directors of the Company – Messrs. Amit Dror, Simon Anthony Fried, Dagi Shahar Ben-Noon and Sharon Fima, as well as Michael Ilan Investors Ltd., which in light of its investments in the framework of raising the aforesaid capital, began to be an interested party in the Company by virtue of its holdings and as a holder of a right to appoint a director on its behalf to the Company's board of directors, based on which new directors were appointed. As of the date of the Report, the Company holds the activity of the Subsidiary, Nano Dimension Technologies. For comprehensive details regarding the Merger Transaction, the conditions precedent that were required to be fulfilled, the identity of the interested parties and/or new controlling shareholders of the Company as a result of the completion of the Transaction and all of the details required under the Securities Regulations (Private Placement of Securities of a Registered Company), 5760-2000 and the Securities Regulations (Transaction Between the Company and a Controlling Shareholders Thereof), 5761-2001, see the invitation to the meeting and the amended transaction report published by the Company on August 12, 2014 [reference no.: 2014-01-132765] and the results of the general meeting of the Company's controlling shareholders dated August 17, 2014 [reference no.: 2014-01-135507], whose contents regarding this matter are included by way of reference.

2. **Control of the Company**

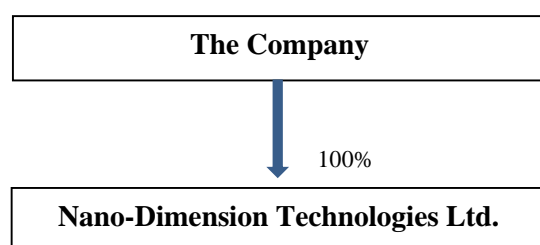
The Company's controlling shareholder, as this term is defined in the Securities Law, 5728-1968 (the "**Securities Law**"), are Messrs. Amit Dror, Simon Anthony Fried, Sharon Fima and Dagi Shahar Ben-Noon, who have engaged in a voting agreement during August 2014 with respect to their holdings in shares of the Company, and are therefore considered "joint holders" of shares of the Company, in light of the meaning of the term "holding" in the Securities Law. As of the date of the Report, the controlling shareholders together hold about 29% of the issued and paid up capital of the Company, and about 37.02% on a fully diluted basis.

3. Activity of the Company and Description of the Development of its Business

- 3.1. In the framework of the Merger Transaction, the activity of the Subsidiary, Nano Dimension Technologies, which became a wholly owned subsidiary (100%) of the Company, was merged within the Company. The Company and Nano Dimension Technologies will be hereinafter in this Report jointly referred to as the “**Group**.” In any event in this Report in which the “Company” is written, the same shall also refer to the “Group” and vice-versa.
- 3.2. As of the date of the Report, the Group’s area of activity, through the Subsidiary, is research and development of a 3D printer that prints electronic circuits (PCB cards) and the development of ink products and materials (including conductive ink) based on nanotechnology. The ink products are supplementary products and ancillary to the advanced printers and 3D printers of the Company in particular.
- 3.3. As of the date of the Report, the development of a number of the ink products has been completed, and the Company has begun the production of the nano-conductive ink; however, it does not market or sell them and has not yet generated any income therefrom.
- 3.4. As of the date of the Report, the 3D printers are in advanced development stages, and there is a prototype of the printer. However, the Group is still not generating income from the sales or marketing of the printer. On February 25, 2015, the Company introduced the first generation (alpha version) of the printer, and will present it to a limited number of customers in order to examine and consider the performances of the 3D printer and receive customer opinions.
- 3.5. For comprehensive details regarding the activities of the Group and Subsidiary, see the provisions of Part Three.

All of the assumptions and data set forth above are forecasts, estimations and assessments, and constitute “forward looking information,” as this term is defined in the Securities Law, 5728-1968 (hereinafter: the “Securities Law”), based in part on various scientific publications and in part on assessments of the Company regarding future developments and events the date of occurrence of which, if at all, is uncertain and not under the Company’s control. These assessments may not be realized, in whole or in part, or may be realized in a different manner than assessed, as a result of various factors, including non-compliance with development objectives and/or non-compliance with schedules and/or failure to obtain the financing required for the development of the products in the various stages of the development and/or marketing the products and/or additional factors that are not under the Company’s control and/or the realized of any of the risk factors mentioned in Section 36 of this Report below.

4. Structure of Holdings in the Company



5. **Nature and Results of any Material Structural Change, Merger or Purchase**

As stated above, on August 25, 2014, the Merger Transaction was completed between the Company and Nano Dimension Technologies Ltd.³, and as of the date of the Report, the Company holds the business activity of Nano Dimension Technologies, which are fully held by the Company (100%). For additional details, see the provisions of Section 1.4 of this Report above.

6. **Investments in Capital of the Corporation and Transactions with its Shares**

The following shall set forth in the investments performed in the corporation's capital in the past two years:

Date	Type of securities	Details of event and/or allocation / investment and identity of investor	Investment consideration and security price	Additional details / terms
February 6, 2014	Ordinary shares (security number 751032)	Private placement of 1,852,508 ordinary shares of the Company to the previous controlling shareholder of the Company (Israel 18) ⁴ ;	The private placement was performed against the payment of the shareholder's loan provided by the previous controlling shareholder to the Company in the amount of NIS 2,883,000;	For additional details regarding the private placement to the controlling shareholder, as well as details regarding the shareholders loans against the payment of which the aforesaid private placement was performed, see Sections 3.1.b and 12.3.2, respectively, of

³ On September 18, 2014, the Companies Registrar approved changing the name of the Subsidiary from its previous name - Hyrax Technologies B.F. 2012 Ltd. to its current name.

⁴ Israel 18 B.V., which was formally Chabad 770 B.V. is the previous controlling shareholder of the Company by April 2, 2014. For details regarding the completion of the transaction for the sale of the previous control in the Company, see the Company's report dated April 2, 2014 (reference no.: 2014-01-036852).

				Chapter A – “Description of the Corporation’s Business” in the Company’s periodic report for 2013, whose contents regarding this matter are included by way of reference.
August 25, 2014	Ordinary shares (security number 751032)	The Merger Transaction – in accordance with the approval of the general meeting of the Company’s shareholders dated August 17, 2014 of the Merger Transaction, 6,931,301 shares were allocated to the current controlling shareholders of the Company.	The consideration set forth in the Merger Transaction are shares of Nano Dimension Technologies that were transferred to the Company following the merger, while based on the valuation of Nano Dimension Technologies attached by the Company to the invitation to the meeting dated July 9, 2014 [reference no.: 2014-01-111291], it reflected, at the time, a value of 81.767 agorot for one share.	For additional details, see the invitation to the meeting and the transaction report published by the Company on July 9, 2014 [reference no.: 2014-01-111291] and the amended transaction report published by the Company on August 12, 2014 [reference no.: 2014-01-132780], the contents of which is included in this regard by way of reference.

August 25, 2014	Stock options (security number 7510118)	The merger transaction – in accordance with approval of the general meeting of the Company's shareholders as of August 17, 2014 for the Merger Transaction, an allocation was made to the current controlling shareholders of the Company, Messrs. Amit Dror, Simon Anthony Fried, Dagi Shahar Ben-Noon and Sharon Fima of 4,322,329 stock options (non-tradable) that are exercisable into 4,322,329 ordinary shares of the Company.	As part of the Merger Transaction, and as set forth in Appendix J – the fair value of the stock options (in accordance with the Black-Scholes model) attached to the amended invitation to the meeting published by the Company on August 12, 2014 [reference no.: 2014-01-132780].	For additional details, see the invitation to the meeting and the transaction report published by the Company on July 9, 2014 [reference no.: 2014-01-111291] and the amended transaction report published by the Company on August 12, 2014 [reference no.: 2014-01-132780], the contents of which is included in this regard by way of reference.
August 25, 2014	Ordinary shares (security number 751032)	The merger transaction – in accordance with approval of the general meeting of the Company's shareholders as of August 17, 2014 for the Merger Transaction and as part thereof, an allocation was also approved of 5,935,875 capital raising shares for various investors, including three interested parties in the Company, Messrs. Itschak Shrem –	86.55 agorot per share. The private placement of the capital raising shares was performed against raising capital in a total amount of USD 1,500,000, which constituted NIS 5,137,500 at the time.	For additional details, see the invitation to the meeting and the transaction report published by the Company on July 9, 2014 [reference no.: 2014-01-111291] and the amended transaction report published by the Company

		Chairman of the Board (286,842 ordinary shares) and directors Eli Yoresh (40,439 ordinary shares) and Yoel Yogev (207,972 ordinary shares) and to Mr. Michael Ilan, who became (through a company under his control) an interested party by virtue of his holdings (2,967,938 ordinary shares), which at the time constituted 16% (not fully diluted) and 12.98% (fully diluted).		on August 12, 2014 [reference no.: 2014-01-132780], the contents of which is included in this regard by way of reference.
January 13, 2015	Stock options (security number 7510126)	Private placement. In accordance with approval of the Company's board of directors in its meeting of November 30, 2014, an immaterial private placement was approved to an external consultant of the Company, in the framework of which 185,439 stock options (non-tradable) were allocated.	At no consideration and as part of the terms of the engagement with the consultant.	For additional details, see the report dated November 30, 2014 [reference no.: 2014-01-209985], whose contents regarding this matter are included by way of reference.
January 13, 2015	Stock options (security number 7510126)	Private placement. In accordance with approval of the Company's board of directors in its meeting of December 17, 2014, an immaterial private placement was approved to an external consultant of the Company, in the framework of which	At no consideration and as part of the terms of the engagement with the consultant.	For additional details, see the report dated December 17, 2014 [reference no.: 2014-01-224580], whose contents regarding this matter are

		370,878 stock options (non-tradable) were allocated.		included by way of reference.
January 13, 2015	Ordinary shares (security number 751032); stock options (security number 7510134)	A material private placement. In accordance with the approval of the Company's board of directors in its meeting of December 29, 2014, raising capital by way of a material private placement was approved for a number of offerees, including two who are interested parties in the Company, Messrs. Itschak Shrem – Chairman of the Board and Eli Yoresh – director of the Company. ⁵ On January 13, 2015, 1,508,572 ordinary shares and 1,508,572 stock options (non-tradable) were allocated, which are exercisable into 1,508,572 shares.	140 agorot per share. The material private placement of the shares and stock options (non-tradable) was performed against raising capital in a total amount of NIS 2,112,000.	For additional details, see the Company's immediate report dated January 5, 2015 [reference nos.: 2014-01-233352 and 2015-01-003568], whose contents regarding this matter are included by way of reference.
February 16, 2015 (date of approval of the meeting)	285,715 ordinary shares (security number 751032) and 285,715 options (not	Material private placement to two directors. In accordance with the approval of the general meeting dated February 16, 2015, which approved the material private placement and its	140 agorot per share. Options for no consideration. The exercise terms are as set forth in the invitation to the meeting.	For additional details regarding the private placement to the aforesaid interested parties, see the Company's

⁵ The Company's board of directors has approved the allocation to interested parties after receiving the recommendation of the audit committee. The Company published an invitation to a special general meeting for approval of the allocation to interested parties, which was convened on February 16, 2015 and approved the allocation to two of the aforesaid interested parties.

	yet listed for trade)	terms for both interested parties in the Company, Messrs. Itschak Shrem – Chairman of the Board and director Eli Yoresh, 285,715 ordinary shares of the Company and 285,715 stock options (non-tradable) that are exercisable into 284,715 ordinary shares of the Company were allocated to the interested parties.	The material private placement of the shares and stock options (non-tradable) to the aforesaid interested parties was performed against raising capital in a total amount of NIS 400,000.	immediate reports dated January 5, 2015 and the invitation to the meeting dated January 8, 2015 [reference nos.: 2015-01-003568 and 2015-01-007789], whose contents regarding this matter are included by way of reference.
February 16, 2015 (date of approval of the meeting)	Stock options 370,878 options to the chairman (not yet listed for trade)	Terms of office and employment of the chairman of the board. In accordance with the approval of the general meeting dated February 16, 2015 of the terms of office and employment of the chairman of the board, Mr. Itschak Shrem, including granting 370,878 stock options (non-tradable), 370,878 stock options (non-tradable), which are exercisable into 370,878 ordinary shares of the Company, were allocated to the chairman of the board.	Stock options are granted to the chairman of the board for no consideration. The terms of exercise are as set forth in the invitation to the meeting.	For additional details on the matter, see the immediate report dated December 17, 2014 and the invitation to the meeting dated January 8, 2015 and the amended invitation dated February 10, 2015 [reference nos.: 2014-01-224577 , 2015-01-007789 and 2015-01-029074], whose contents regarding this matter are included by way of reference.

March 11, 2015	3,956,545 ordinary shares (security number 751032)	Material private placement. In accordance with the approval of the Company's board of directors in its meeting dated February 18, 2015, raising capital by way of a material private placement to a number of offerees was approved, including an existing interested party in the Company, and an offeree who, as a result of his holdings, will become an interested party in the Company. On March 12, 2015, 3,956,545 ordinary shares were allocated.	165 agorot per share. The material private placement of the shares was performed against raising capital in a total amount of NIS 6,528,300.	For additional details, see the immediate report dated February 18, 2015 [reference no.: 2015-01-034462], whose contents regarding this matter are included by way of reference.
January 29, 2015	609,888 stock options, which have not yet been listed for trade	A private placement to an external consultant. In accordance with the approval of the Company's board of directors in its meeting dated January 28, 2015, an immaterial private placement was approved to an external consultant of the Company, in the framework of which 609,888 stock options (non-tradable) were allocated.	For no consideration and as part of the terms of engagement with the consultant.	For additional details, see the immediate report dated January 29, 2015 [reference no.: 2015-01-021010], whose contents regarding this matter are included by way of reference.

The following are details regarding the interested party transactions performed with shares of the Company outside of the Stock Exchange, to the best of the Company's knowledge, in the past two years:

Date	Interested party name	Purchase (sale) and no. shares in transaction [security number 330013]	Price in agorot for one share
April 2, 2014	Previous controlling shareholder of the Company	48,100,675 shares	Average price of 4.76 agorot
April 2, 2014	Elad Nagar	6,070,512 shares	5.08 agorot
April 2, 2014	Yoel Yogev	2,868,416 shares	5.08 agorot
April 2, 2014	Mani Mor	6,952,076 shares	5.08 agorot
April 2, 2014	Itschak Shrem	2,868,416 shares	5.08 agorot
April 2, 2014	Yitschak Idelman	6,824,851 shares	5.08 agorot
April 2, 2014	Kfir Zilberman	9,785,639 shares	5.08 agorot
April 2, 2014	Eran Darmon	2,868,416 shares	5.08 agorot
July 2, 2014	Mani Mor	3,100,000 shares	10 agorot
July 2, 2014	Mani Mor	2,852,000 shares	10 agorot
July 15, 2015	Elad Nagar	4,000,000 shares	10 agorot
August 29, 2014	Kfir Zilberman	45,000 shares	130 agorot
January 29, 2015	Eli Yoresh	36,000 shares	165 agorot
February 1, 2015	Itschak Shrem	27,300 shares	220 agorot
February 4, 2015	Eli Yoresh	24,500 shares	205 agorot
February 12, 2015	Eli Yoresh	27,000 shares	230 agorot
March 1, 2015	Itschak Shrem	10,000 shares	300 agorot

7. **Distribution of Dividends**

- 7.1. On March 7, 2014, the Company distributed 29,397,691 shares of BGI as dividends in kind to its shareholders, which were owned by the Company, despite the fact that the distribution did not satisfy the “profit test” but did satisfy the solvency test (hereinafter: the “**Distribution**”). The Distribution was performed after being approved by the Tel Aviv Jaffa District Court on February 3, 2014, and after a pre-ruling was received by the Income Tax Authorities on February 23, 2014 regarding the manner of withholding the tax for the Distribution. Following the Distribution, as of the same date, the Company ceased to be a controlling shareholder of BGI. For additional details, see Section 4 of Chapter A of the Company’s Periodic Report for 2013. For the Company’s reports regarding the Court’s approval of the Distribution, see the report dated February 3, 2014 [reference no.: 2014-01-030217], for the Company’s reports regarding the decision of the Tax Authority, see the report dated February 24, 2014 [reference no.: 2014-01-045850], for the Company’s reports regarding the performance of the Distribution, see the report dated March 9, 2014 [reference no.: 2014-01-008469], all of whose contents regarding this matter are included by way of reference.
- 7.2. As of the date of the Report, the Company’s board of directors has not determined a dividend distribution policy.

Part Two – Other Information

8. Financial Information Regarding the Group's Area of Activity

8.1 The following is the Group's financial data for the years 2012, 2013 and 2014 (all of the data below is in NIS thousands):

	2014	2013	2012
Research and development expenses	3,339	806	28
Management and general expenses	1,426	134	21
Other income	62	40	28
Operating loss	(4,703)	(900)	(21)
Net financing expenses	117	34	9
Listing for trade expenses	9,358	-	-
Total loss for period	(14,178)	(934)	(30)

8.1. As of the date of the Report, the Company has completed the development of the conductive nano-ink; however, it does not market or sale the ink and the ink has not yet generated any revenue. As of the date of the Report, the 3D printer is in advanced research and development stages, and there is a prototype of the printer. However, the Group is not yet generating income from the sales or marketing of the printer. On February 25, 2015, the Company introduced the first generation (alpha version) of the printer, and intends to present it to a limited number of customers in order to test and examine the performances of the 3D printer and receive customer input.

9. General Environment and Impact of External Factors on the Group's Activity

The Group's area of activity may be impacted from trends, events and developments in the macro-economic environment on which the Group does not have an impact and that can impact, some in a material manner, the Group's development and business results, as set forth below:

- 9.1. Macro-economic trends – as stated above, the Group’s activity focuses on a specific market segment⁶ within the electronics and electricity market, which are companies and corporations that develop consumer products, medical devices, military industry products, automotive and aerospace products, electronic products and electronic devices based on PCB cards. These areas are impacted from macro-economic trends. It is accepted that generally, during periods characterized by economic slowdown, the expenses earmarked for the purchase of products are reduced – a fact that may indirectly impact the Company’s income.
- 9.2. The deployment process of innovative technology into the market – the Company’s products are presented before the innovative alternative market and technological breakthrough. Since the Company’s 3D printer is designed to replace the existing prototypical production processes that have existed for many years in the electronics market, there is uncertainty regarding the time required for the process of deploying the innovative technology into the market, which makes it difficult to precisely estimate the sales forecast or estimate the growth rate of sales.
- 9.3. As of the date of the Report, the Group still does not manufacture and sell 3D printers and supplementary nano-conductive ink products and isolated ink accompanying the printer; rather, the aforesaid are undergoing development, and as of the date of the Report, as published by the Company on February 25, 2014, the Company introduced the first generation (alpha version) of the three-dimensional printer that it is developing and intends to begin to work with a limited number of customers in order to examine the performances of the 3D printer and continue to develop unique products and breakthroughs in the field of printers, nano-ink and nano materials. However, the Company estimates that subject to it having the amounts required in order to create a production infrastructure and production environment required to manufacture its products, the Group may begin to manufacture 3D printers towards the end of the second quarter of 2016, at which point the trends described above may impact the sale of the products.
- 9.4. Increase of consumption and awareness of end-users – the Company estimates that, among the end-users that it regards for future potential marketing and sales – electric engineers, circuit designers, programmers, research laboratories, academic institutions and start-ups, there is a clear trend and desire to streamline and improve the electronic devices that they manufacture and shorten the production time of prototypes in the development stage of the products. Therefore, the awareness of the immediate need and access to a 3D printer and consequently nano-conductive ink and isolated ink, is increasing, since they need to manufacture prototypes for PCB cards in their research laboratories in order to perform tests and experiments as part of the development process of the electronic devices.
- 9.5. The electronics industry is currently being challenged in several areas:

⁶ As of the date of the Report, the Company is unable to assess and estimate the size of the potential target market expected for the sales and marketing of its products (the 3D printer and supplementary products), and is unable to assess and estimate the annual financial scope of the potential target market;

- 9.5.1. Shorter product life cycle – new generations of products are marketed within short periods of time.
- 9.5.2. The need of companies in the electronics market to manufacture a wide variety of products is strengthened, and as a result the need for prototypes is strengthened.
- 9.5.3. The complexity of the electronic circuits that are printed is increasing, and in light of the same, the need for high availability of the electronic circuits is increasing in the development processes of the products.
- 9.6. Regulatory rules and changes applicable thereto – for details regarding limitations, legislation, regulation and special constraints applicable to the area of activity, see the provisions of Section 10.5 below. Changes applicable to the regulatory requirements set forth in the above section, whether in Israel or other countries, may impact accessibility of the Group's products to markets and resources that the Group must invest in order to comply with the regulatory requirements, and therefore the results of its operations.
- 9.7. Changes to exchange rates – in the future, and since the Company intends to market and sell the 3D printer and the nano-conductive ink that it manufactures in various countries globally with the US dollar currency and/or European euro currency and/or another international currency, and the future income of the Company is expected to be received from customers abroad, the Company estimates that it is possible that it will be exposed to changes arising from changes that occur to the exchange rate of the US dollar and/or European euro and/or other international currency compared to the New Shekel, with the same impacting its profitability.
- 9.8. Development and product of competing and/or alternative products – competing and/or alternative products, if they are developed by the Group's competitors, may serve as an efficient alternative for products developed by the Group, and may take part of its target market. For details regarding the competitors and alternatives for the Group's products, see Sections 10.11 and 17 of this Report below.
- 9.9. Israeli identity – in light of the recognition of the technological advantages in Israel compared to foreign countries, Israeli identity can be used to promote sales, while in other cases Israeli identity can serve as a disadvantage and even lead to the cancellation of transactions and closing markets abroad for the Group. As of the date of the Report, the Group does not manufacture and/or market its products abroad, and therefore it is difficult to assess the degree of influence that its Israeli identity may have on the global electronics market.⁷

The information provided above regarding the economic environment and the external factors that impact and/or may impact the existing and/or future nature and activities of the Company is primarily based on the subjective estimates and assumptions of the Company, since as of the date

⁷ As of the date of the Report, the Company is unable to estimate and assess the size of the potential expected target market for sales and marketing of the Group's products (the 3D printer and its supplementary products), and is unable to assess and estimate the annual financial scope of the potential target market.

of the Report, the Company does not manufacture and/or market and/or sell its products, and is still in the stage of their research and development. The aforesaid information is an estimate alone and may be incomplete. However, in the Company's opinion, the information set forth may provide a general picture, even if not precise, regarding the nature of the Company's business activity. In light of the above, the actual results may be different from the estimations set forth in the Company's report in connection with the external factors that impact its operations.

Part Three

Description of the Corporation's Business Based on Area of Activity

10. General Information regarding the Area of Activity

10.1. Definitions

For the sake of convenience, the following are primary definitions and terms appearing in this Report below:

“3D Printer” – a three-dimensional printer;

“Electronic Printed Circuit” or **“Printed Circuits”** or **“Electronic Circuits”** or an **“Electric Board”** – a board on which electronic components that form electronic circuits are placed; printed circuits are also known as “electronic cards” or “PCB cards”;

“Printed Circuit Board” (“PCB”) – an electronic circuit or electronic circuits;

“Electronic Card” or **“PCB Card”** – an additional name for an electronic circuit or electronic circuits. Therefore, in any place in this document in which “printed circuit” or “printed circuits” or “PCB” or “PCB card” or “electronic card” appears, the aforesaid shall also refer to an electronic printed circuit;

“Inkjet” or **“Injection of Ink”** – printing technology based on a series of tiny syringes that place small drops of ink on the basis on which the 3D printer prints;⁸

“Conductive Ink” or **“Nano-Conductive Ink”** – unique ink based on nanotechnology containing electronic conductive material, such as silver or copper. The ink is liquid, despite the use of metal through the use of nanotechnology;

“Isolated Ink” – unique ink that contains isolated materials that are anti-electrical conduction.

“Nano-Technology” – nano-technology, which is unique technology that deals with nanometer-sized materials, enabling the production of conductive ink that maintains fluid properties.⁹

“User” or **“End-User”** – electric engineers and/or circuit designers and/or planners and/or research laboratories and/or academic institutions and/or start-up companies and/or development engineers and/or developers in laboratories of companies that manufacture electric and electronic products and devices and/or any other potential customer that purchases the 3D printer and its accompanying products.¹⁰

⁸ For additional information regarding “inkjet printing,” see: http://en.wikipedia.org/wiki/Inkjet_printing

⁹ For additional information regarding nano-technology, see: <http://he.wikipedia.org/wiki/%D7%A0%D7%A0%D7%95%D7%98%D7%9B%D7%A0%D7%95%D7%9C%D7%95%D7%92%D7%99%D7%94>.

¹⁰ The “users” or “end-users” will not necessarily be considered the customers of the Company for the purpose of the estimations of whether income is expected to be received.

“Electric Circuits Market” or the **“Electronics Market”** – the market of electric and electronic products and devices, and all of the PCB-based electronic products;

10.2. General

As of the date of the Report, the Group is engaged in one area of activity: research and development of a three-dimensional printer (3D) that prints prototypes for electronic circuits (PCB cards), and development of ink materials and products based on nano-technology that constitute their own products and some of which are supplementary products accompanying the 3D printer (hereinafter in this Part: the **“Company’s Products”** or the **“Products”**).

During the development process of the 3D printer and the ink, the subsidiary uses and integrates three advanced and groundbreaking technologies: (1) the 3D printer; (2) inject (the injection of the ink); and (3) advanced nano-technology that enables use of conductive ink and isolated ink in order to print PCB cards. By combining the three aforesaid technologies, the subsidiary is developing a unique and innovative 3D printer that prints prototypes of PCB card. Based on the needs of their users and based on the plan created by the user, the PCB card can be multi-layer.

10.3. Structure of the area of activity and changes applicable therein

To the best of the Company’s knowledge, the trends of supply and demand of its products may be impacted directly from the global electronics market, as well as, inter alia, the strength of the electronics market in Israel, which, in turn, are impacted from trends of growth or moderation of the global economy.

In 2012, the sales turnover of the global electronic circuits market was estimated at about USD 60 billion.¹¹ The electronics and PCB cards based electronics products market is undergoing growth and increased at a significant rate, and the expectation is that the sales turnover in this field may reach up to about USD 93 billion by 2017. It should be noted that the Company’s area of activity is directed to a specific sector of the said market, relating to the production of prototypes of PCB cards. The software licenses market for software that plans electronic circuits is currently estimated¹² at about 1 million existing licenses, and is thus a reference basis for the potential quantity of users with a need for a printer to print prototypes of advanced electronic circuits.

10.4. Developments in markets of the area of activity or changes in characteristics of its customers

As of the date of the Report, the Company is still involved in the development of its products and still does not generate revenue from the sale of its products; however, as stated in Section 3.3 above, there is a prototype of the 3D printer, which the Company introduced (alpha version) on February 25, 2015¹³. The Company intends to work with a limited number of customers in

¹¹ Source: Global Printed Circuit Board Industry 2012-2017: Trends, Profits and Forecast Analysis, by Lucintel;

¹² Source: EDACafe.com, edac.org % Company’s estimate;

¹³ For additional details, see the Company’s report dated February 25, 2015, reference no.: 2015-01-038176.

order to test the printer. When the production process begins, the Group wishes to operate in local and global markets of hi-tech companies, technology companies and corporations engaged in the field of electronic devices, including those involved in research, development, planning and production of electronic and electric devices, and to recruit customers and/or end-users from these markets. When the Group enters these markets, it will be able to learn about the changes and/or trends that occurred in the areas in which the aforesaid companies engage. Additionally, the Company intends to act to raise customers in varied areas of activity.

10.5. Limitations, legislation, regulation and special constraints applicable to the area of activity

10.5.1. Excluding the provisions of Section 10.5.2 below, as of the date of the Report and to the best of the Company's knowledge, with respect to the area of activity, the Group is not subject to limitations, legislation, regulation or special constraints, and there are no binding standards anchored by law relating to the area of activity;

10.5.2. However, when the actual process of the product, marketing and sale of its products begins, whether in Israel or abroad, the Group will be subject to the laws of the State of Israel, including, *inter alia*, the Business Licensing Law, 5728-1968, the Consumer Protection Law, 5741-1981 and the laws of the foreign countries in which it will operate in the future;

10.5.3. Additionally, it is possible that the Group will be subject to international ISO standards and designated standards relevant to the electronics industry, in which case it will be required to operate in accordance with the provisions of these standards;

10.6. Changes to the scope of activity in the field and its profitability

The field of printing electronic circuits and the production of prototypes for electronic circuits in particular involves, for the consumers, many costs and expenses due to the need to outsource services currently customary in the market. As of the date of the Report, the Group has not yet concluded the development process of its products and has not begun the production thereof; however, the Company estimates that due to the existing disadvantages in the production of PCB cards for purposes of prototypes compared to the clear advantages offered by the Company's 3D printer (as stated in Section 11.6 below), after it begins to manufacture its products, the scope of its activity will be increased due to the increasing awareness in the field and the immediate need for prototypes for PCB cards, mainly for the purpose of testing and implementation following the development production process of any electronic device/product.

Additionally, since it does not yet manufacture products, the Company has difficulty assessing which changes, if any, are expected to occur in the scope of the electronic market and competition of the companies that print PCB cards, and whether they will impact its profitability in the coming future.

10.7. Technological changes that may materially impact the area of activity

The Company estimates that if and when there are technological developments in markets in which the Group operates, which will lead to the creation of alternative technology to the technology based on electronic printed circuits (PCB cards), the same might have a material impact on the future business of the Company, and its ability to stay in the area of activity will require its preparations for the production of products with the alternative technologies as stated. However, the Company does not expect material technological changes that may impact the relevance of the production equipment and technology used for the Group's activity, and to the best of its knowledge, the alternative technology described does not exist and is not in development stages. The Company monitors and will continue to monitor, on an ongoing basis, the technological developments in its area of activity, and applies and will apply them to the extent possible.

10.8. Changes to the suppliers and raw materials for the area of activity

As of the date of the Report, the Company has not begun the process of manufacturing its products, but purchases, at its expense, the raw materials required for the production of its products, including components of 3D printers and nano conductive ink products based on nano-technology (to date, the Company has manufactured one 3D printer), and inventory of the raw materials in the Company's possession for the production will be owned thereby. For details regarding the primary raw materials that the Company will use when manufacturing its products, see the provisions of Section 24.1 below.

10.9. Critical success factors in the area of activity and changes applicable thereto

Notwithstanding the fact that as of the date of the Report, the Company is still not manufacturing its products, the Company estimates that it will be possible to indicate a number of critical success factors that will impact its activity and the position of the Company in the area of its activity, *inter alia*:

- 10.9.1. Expertise, knowledge and use of the most innovative and advanced technology – on the basis of which it will be possible to develop, and later also produce, products that may compete with the success of existing products in markets that the Group may address in the future, as stated in Section 11.3 above;
- 10.9.2. Raising financial funding in a significant scope and over time, in order to conclude the period of research and development required in order to complete the creation of a prototype for the 3D printers and ink products (the supplementary products) and to begin to manufacture the aforesaid products for their marketing and sale;
- 10.9.3. Equipment at a high technological level – the Group uses and will use, for the production of its products, advanced equipment with unwavering quality, while maintaining competitive production costs;
- 10.9.4. Maintaining long-term relationships with its future customer base;

10.9.5. For further details regarding the risk factors in the Group's activity, see Section 36 of this Report below.

10.10. Main entry and exit barriers of the area of activity

In the Company's estimation, a number of entry and exit barriers can be indicated that will impact the possibility of entering and exiting the Group's area of activity, primarily:

Entry barriers:

- 10.10.1. Professional and updated knowledge and the expertise required for research and development and the production of the Group's products in the future, including understanding of the advanced technologies, technological innovations and the ability to integrate them as part of the development of 3D printers and nanotechnology-based conductive ink products (supplementary products);
- 10.10.2. The nanotechnology-based conductive ink requires use of patents, whether by a license or the registration of new patents. Entry to the field requires a significant investment in the establishment of infrastructures, equipment purchase and training personnel for the field;
- 10.10.3. Additionally, to the best of the Company's knowledge, as of the date of the Report, there are agencies in Israel that provide subcontracting services in East Asia and Eastern Europe, and purport to provide a high level of services with prices that compete with local manufacturing;

Exit barriers:

- 10.10.4. As stated above, as of the date of the Report, and in order to conclude the period of development of the products and the beginning of their manufacturing and marketing, the Company needs to raise financing in a significant scope and over time, and failure to raise the capital may make it difficult to complete the development process of the prototype for the Group's products, and therefore, this is a significant exit barrier for the Group's area of activity;
- 10.10.5. In the Company's estimation, when the Group begins the production, marketing and sale process of its products, and similar to the existing practice in the field of electronic devices, both local and global, the Group will commit to its customers for extended warranty periods of one year from the date of the conclusion of the production of the product ordered by the customer;

10.11. Alternatives to products of the area of activity and changes applicable thereto

To the best of the Company's knowledge, the electronics market has companies that provide outsourcing services for the end-users¹⁴ enabling the production of PCB cards in an inefficient

¹⁴ "User" or "End User" - electric engineers and/or circuit designers and/or planners and/or research laboratories and/or academic institutions and/or start-up companies and/or development engineers and/or developers in laboratories of

and complex method, which takes up to multiple weeks, is expensive and involves high costs. It is reasonable to assume that the companies in the electronics market will prefer to purchase the Company's 3D printer, place it in their in-house research laboratories and print prototypes of PCB cards that they need for the production of the electronic device that they are manufacturing, as part of their development process – all within a short period of time and with costs that are significantly lower compared to the existing state.

10.12. Structure of the competition in the area of activity and changes applicable thereto

For details regarding the structure of competition in the area of activity and the applicable changes, see Section 17 below;

11. **Products and Services**

- 11.1. As stated, the Group is engaged, through the subsidiary, in research and development of a three-dimensional printer (3D) that prints PCB cards, which may be multi-layer (as required by the customer) and the development of nano ink products based on nanotechnology, which are supplementary products to the 3D printer and for conductive printing generally.
- 11.2. “Printed circuit” or “electronic circuit” (PCB card) is the central component of any electronic product, and therefore is an essential component for the entire electronics industry. A PCB card is a board whose final form includes various electronic circuits and electronic components, such as resistors, suppliers, transformers, all of which are prepared and organized based on a predetermined plan, intended to ensure the operation of a given system. The printed circuit is planned by the customer and/or the engineer on its behalf, and through the printer and the accompanying products, which prints the electronic conductors in accordance with the plan, as it appears in the file inserted into the printer.
- 11.3. The first product – the 3D printer that prints PCB cards - involved in advanced development stages, and as of the date of the Report, there is already an alpha version prototype of such a printer, which will be presented to a limited number of customers for testing, while the printer will print the conductors and the isolating layers based on the number of layers as appears in the file inputted by the customer to the printer (as stated, a multi-layer PCB card, which is an advanced electronic circuit since it is comprised of a number of conducting layers that are placed on top of each other, with isolating layers between them).

A multi-layer electronic circuit contains two or more different conductive layers while an older single-layer circuit contains only one layer of conductors. In the past, in inexpensive circuits, there were single or dual layer circuits. Advanced circuits, which are required for modern products (such as mobile phones, computer cards and more), contain advanced multi-layer

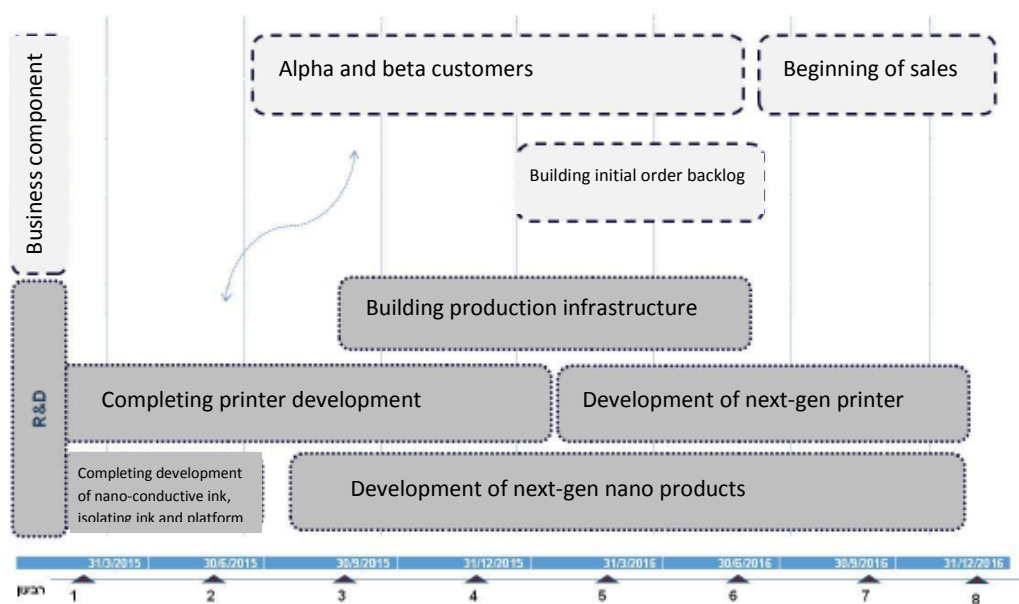
companies that manufacture electric and electronic products and devices and/or any other potential customer that purchases the 3D printer and its accompanying products, which will not necessarily be considered customers of the Company for the purpose of the assessment as to whether the Company is expected to generate revenue. For the definition of “end users” to which the Company will market, see the provisions of Section 1, which describe the actions of Nano Dimension Technologies Ltd. (formerly: “Hyrax”) published by the Company on August 12, 2014, reference no.: 2014-01-132765.

circuits with a much larger number of layers (such as six layers, or even dozens of layers in unique cases). Modern electronics has become more complex than in the past and may contain thousands of connections between various components of the same electronic circuit. In order to enable this complexity in a limited area and to prevent shorts, the connections are divided into a number of layers that are connected within the same multi-layer electronic circuit.

- 11.4. The second product – supplementary products – the nano-conductive ink and nanotechnology-based products are supplementary to the printers, and including isolating ink and conductive ink. These products are developed and adjusted specifically for the printer and are adapted to the printing process. As of the date of the Report, the development of the products was completed, and the Company had begun to manufacture them; however, it does not sell them or have any income from them. On October 22, 2014, the Company announced that it had completed the establishment of a conductive ink production laboratory in the Company's offices in Nes Ziona, and intends to market the conductive ink both as a supplementary product to the 3D printers and as a separate and independent product, and is still not marketing and/or selling its products.¹⁵
- 11.5. Subject to the completion of the entire development process and the examination and inspection of the adjustment of the alpha version of the printer (which was provided to a number of customers as stated) and providing the suitable infrastructure for the commercial production of printers, the Company estimates that it will be able to begin to produce printers and supplementary products in the first half of 2016. For additional details regarding the business plan (the milestones) of the Company, see Section 11.8 below. For details regarding the expectation for the coming year, see Section 34 below. For additional details regarding the stages of development of the products as of the date of the Report, see the table in Section 11.9 below.
- 11.6. The 3D printer of the Group has four clear advantages:
- 11.6.1. Production of in-house prototypes – the Company's 3D printer will offer its users an efficient, quick, available, accessible and immediate solution. Instead of contacting the existing service suppliers that manufacture the PCB cards through a complex and inefficient process, which takes days to weeks and involves significant costs and may be repeated a number of times for the purpose of the lab tests during which the electronic device is manufactured, the companies in the electronics market can purchase the 3D printer, place it in their in-house research laboratory and print prototypes of PCB cards required for the production of the device – all during a short time compared to the existing state. The Group's 3D printers obviate the reliance on an external service supplier during the development stage of the electronic device.

¹⁵ For additional details, see the Company's immediate report dated October 22, 2014 [reference no.: 2014-01-178794], the information of which is included in this Report by way of reference.

- 11.6.2. Information security and maintaining professional secrecy – contracting with external service suppliers (outsourcing) in order to create prototypes of PCB cards during early stages of the development process of the electronic device may expose the product developer to “industrial espionage” on the part of its competitors. Use of the Company’s 3D printers, which are intended to be inter-organizational, has a clear advantage, as it prevents the user from being forced to expose information regarding the device that it is developing to outside sources.
- 11.6.3. Advanced technology – as stated, the Company makes use of a unique technology that integrates: (1) the 3D printer with precise inject technology (the injection of the ink); and (2) advanced nano-technology that enables use of conductive ink and isolated ink in order to print PCB cards.
- 11.6.4. Precedence in the field – the Company demonstrates precedence in its field, and to the best of the Company’s knowledge, the local and global electronics market does not contain a 3D inkjet printer that prints PCB cards of the time and in the manner with which the Company’s 3D printer operates. As of the date of the Report, and to the best of the Company’s knowledge, in order to create prototypes of PCB cards other than through printing as proposed by the Company – there are old and more expensive technological solutions which use scratching molds and chemistry, but these solutions are limited in the number of layers that can be created on the PCB cards, as opposed to the Group’s technology, which enables multi-layer printing at lower printing and production costs.
- 11.7. Technology capability – on November 27, 2014, the Company announced that the subsidiary, Nano Dimension Technology, has the technological ability to enter potential target markets in addition to those included at the time in the description of activity (published by the Company on August 12, 2014) in the broader field of printed electronics, and that is not necessarily included in the specific market segment indicated in the description of activity, including touch screens, antennas, the RFID and the OLED. As of the date of the Report, the Company has not contacted and entered, and is not activity in additional fields as stated.
- 11.8. Business plan (milestones)
- The following are outlines of the Company’s business plan for the next eight quarters, the realization of which is primarily dependent on the completion of raising capital in a significant scope and over time, required in order to complete the research and development required in order to complete the creation of the prototype of the 3D printer and the conductive ink products (the supplementary products), and to begin the production of the aforesaid products in order to market and sell them:



11.9. In accordance with the provisions of the draft of the Securities Regulations (Details of the Prospectus and Draft of the Prospectus – Structure and Form) (Amendment), 5774-2014 (not yet in force)¹⁶, the following table contains products and services:

Product name	Product designation	Development stage as of Report date	Milestones expected in 12 coming months	Upcoming milestone and expected date of achievement	Estimate of completion costs of the upcoming milestone	Corporation's estimate of date of commencement of product marketing	Corporation's assessment of estimate of expected market share for product assuming marketing and sales of the product
3D printer	A printer that creates multi-layer electronic circuits	There is a technological demonstration that presents the printing ability. The development	As set forth in Section 11.8		The Company estimates its expenses as of the same	Until the end of the fourth quarter of 2015	Since it is a new market that does not have any printers, the market share of the

¹⁶ The Company's activities do not relate to life sciences; however, the above is presented in light of the request of the Securities Authority in a manner similar to the description provided in the profile of activities of the subsidiary when the merger transaction was presented for approval of the Company's shareholders in the meeting that took place on August 17, 2015. See the profile of the activities of the subsidiary published on August 12, 2014, reference no.: 2014-01-132780.

		process for the prototype level was completed on Feb. 25, 2015.			date at about USD 500,000		Company is expected to be 100% in the first stage.
Nano-conductive ink and isolating ink products (supplementary products)	Nano-conducting ink based on silver and isolating ink for separating and isolating conductive layers	The team has significant experience and the Company has the know-how to develop and manufacture the ink types. Additionally, as of the Report date, the Company is conducting lab tests in order to examine the abilities of the various ink products to adapt them to the 3D printer.	As set forth in Section 11.8			By the end of the fourth quarter of 2015.	The ink products are supplementary products to the three-dimensional printer.

The Company's area of activity does not relate to life sciences; however, the above is presented in light of the request of the Securities Authority in a similar manner for a description provided in the description of activity of the subsidiary when the merger transaction was presented for approval of the Company's shareholders in a meeting held on August 17, 2015 [*sic*]. See the provisions of the description of activity of the subsidiary published on August 12, 2014 [reference no.: 2014-01-132780].

All of the assumptions and data set forth above are forecasts, estimates and assessments and constitute "forward looking information," as this term is defined in the Securities Law, based in part on various scientific publications and in part on the estimations of the Group regarding future developments and events the occurrence date of which, if at all, is uncertain and not under the Group's control. These estimations may not be realized, in whole or in part, or may be realized in a manner that is different from the assessment, as a result of various factors, including failure to meet the development targets and/or non-compliance with schedules and/or failure to obtain the financing required for the

development of the products in the various stages of development and/or marketing the products and/or additional factors that are not under the Group's control and/or the realization of any of the risk factors mentioned in Section 36 of this periodic report.

12. Segmentation of Income and Profitability of Products and Services

As of the date of the Report, the Group has not yet generated income from the sale of its products.

13. New Products

As of the date of the Report, the Company does not have new products.

As customary in technology companies, in parallel to the commencement of the production of the Company's products, and in addition to the provisions of Section 11.7 above regarding the technological ability to enter additional potential target markets, including: touch screens, antennas, RFID and OLED, if it has the resources required for the same, the Company will continue to invest in the development of conductive products.

14. Customers

As of the date of the Report, the Company introduced the first generation (alpha version) of the 3D printer that it is developing, and intends to begin to work with a limited number of customers in order to test the 3D printer and continue to develop unique and groundbreaking products in the field of printers.

However, as of the date of the Report, the Company has still not generated any income, including fixed income, and therefore the Company does not have customers from which income is received.

The Company estimates that its future customers will include, *inter alia*, technology companies, electronics companies, start-up companies and academic institutions that operate in the field of electronics products in Israel and globally. Upon the conclusion of the development of the product and the transition to the production process, the Company intends to turn to the potential customers, directly and/or indirectly, and offer its products to them, which constitute a solution as a product for the production of prototypes for PCB cards with which experiments and tests are conducted, and a more efficient replacement for suppliers and service providers currently existing.

15. Marketing and Distribution

As of the date of the Report, the Company has not yet established a marketing and distribution system; however, upon the completion of the development of its products, the Group intends to engage with potential strategic partners that are engaged in the field of marketing and distribution in the local and global electronics market.

16. Order Backlog

As of the date of the Report, the Company does not have any orders.

17. Competition

To the best of the Company's knowledge, the Group's 3D inkjet printer is the first and only of its kind, and as of the date of the Report, there are no three-dimensional ink injection printers that print multi-layer electronic circuits (PCB) for the purposes of the development and samples of prototypes in a professional and optimal manner, as printed by the Group.

However, to the best of its knowledge, there are currently a number of potential competitors that are engaged in the Group's area of activity, and the following are names of the competitors that are considered significant to the Company, active in the field of the production and composition of electronic products and components of electronic circuits:

17.1. Competition in Israel

To the best of the Company's knowledge, there are a number of companies that operate in Israel, which specialize in the production of printed electronic circuits and which are able to provide a response to the production of a prototype of electronic circuits, thus competing with the Group's printer. The largest are: PCB Technologies Ltd., Eltek Ltd., Aviv PCB Technologies Ltd. and Melta Circuits Ltd., which are engaged in the production, marketing and sale of electronic cards and electronic systems.

The Company's advantages over the aforesaid competitors are, *inter alia*, the expertise and development of the first three-dimensional printer of its type which is groundbreaking in its field, the production of an efficient and immediate alternative for the customer, enabling it significant savings in development and production costs of the prototypes of PCB cards, assisting in maintaining the customer's professional confidentiality through the development process of the device or electronic product that it manufactures and by the fact that the Company will not offer outsourcing and/or subcontracting services to its customers, but instead will offer to sell its final products for direct use by the customer. For additional details regarding advantages of the products developed by the Group, see Section 11.6 above.

To the best of its knowledge, the advantage of the aforesaid competitors when compared to the Company is that they are large and established, which makes it easier for them to deal with low profit margins that characterize the subcontractor market in the field of the placement of the electronic components of the printed circuits. On the other hand, it is important to note that the aforesaid refers to the Israeli subcontractors market and the Company is not part of this market. Accordingly, the Company will even consider contacting the competitors and offering that they purchase the printer in order to use it to provide service to their customers.

17.2. Competition abroad

To the best of the Company's knowledge, there are thousands of companies in the world that manufacture PCB. IN the United States alone, there are about 2000 companies that manufacture PCB, and constitute an existing alternative and competitor for the services offered by the Company.¹⁷ These companies have devices based on older technology called "laser-

¹⁷ List of companies in the United States: http://www.manta.com/mb_34_E22A0_000/printed_circuit_boards

etching” which enables the production of PCB with the help of lasers. However, this technology does not enable the production of multi-layer PCB, which the Company’s 3D printer is able to produce.

In addition, the Company estimates that there is competition for its operations on the part of a large number of foreign competitors, including the German LPKF Laser & Electronics¹⁸, which provides equipment for the production of PCB prototypes, and is engaged in components for facilities, galvanized chemical metallization lines for printing customers, laser processes devices, devices for galvanized metallization of printed boards, laser technology devices, laser cutting facilities, milling and drilling of printed circuit boards and production standards of printed boards. Some of the competing companies are also represented by agents in Israel and have production systems in Far East countries, in a manner enabling them to offer production services at attractive prices (compared to Israel), mainly since the cost of manpower is lower in Far East countries when compared to Israel. However, the Company estimates that the mobility of the work orders in favor of prototypes for these countries, considering the nature of the work orders received by the Company (technological complexity and the like) will not necessarily have value and economic feasibility. As of the date of the Report, the Company is expected to manufacture its products in Israel. The Company considers the aforesaid competing companies to be potential customers that may purchase the printer and use it for their customers.

18. **Seasonality**

No seasonal influences on the financial results of the Company are anticipated.

19. **Manufacturing Ability**

At the date of the Report, the Company has completed the development of the nano conductive-ink based on nano-technology and has started to manufacture nano ink-conductive products in the new laboratory, and introduced the first generation (alpha version) of the 3D printer; the Company anticipates that it will start selling the nano conductive-ink products simultaneously with the 3D printer during the second half of 2016. The Company anticipates that its ability to produce will be flexible and will be adapted to the orders from customers of the Group.

All the assumptions and details detailed above are forecasts, assessments and estimates that constitute "forward-looking information" as the phrase is defined in the Securities Law, which are based in part on various scientific publications, and some of them on the assessments of the Company, with regard to the future developments and events the date of whose occurrence, if at all, is uncertain and not under the Company’s control. These assessments may not occur, in whole or in part, or they may occur in a manner which is different from that which was anticipated, as the result of various factors, including failure to meet the development objectives and/or non-compliance with schedules and/or failure to obtain the financing required for the

<http://www.thomasnet.com/products/printed-circuit-boards-pcb-5970603-1.htm>

¹⁸ [/http://www.lpkf.com](http://www.lpkf.com)

purpose of development of the products at the development stages and/or marketing of the products and/or additional factors that are not under the control of the Company and/or the realization of any of the risk factors referred to in Section 36 of the Report.

20. Fixed Assets, Land and Fixtures

At the date of the Report, the Company held material fixed assets in the Company's laboratories in Nes Ziona. When the Company commences the commercial manufacture of the 3D printers, the Company intends to purchase the advanced machinery and equipment required for the same.

At the date of the Report, the offices of the Company are located in Kiryat Weizmann at the Science Park in Nes Ziona, and the research and development activity is carried out in the laboratory which was established in the Group's offices.

In August 2014, the subsidiary entered into a business transaction with El Son Yazum Vehandassah Ltd. (the "**Lessor**") in a rental agreement for the rental of offices in the Science Park with an area of approximately 235 sq.m.in consideration for monthly rental fees of an immaterial amount for a period of 24 months.

21. Research and Development

21.1. By the date of the Report, the Company had completed the development of the nano-technology based nano ink-conductive products and had commenced the manufacture of nano ink-conductive products (the complimentary products), but had not yet commenced their marketing and/or sales and no revenues were being created for it.

21.2. By the date of the Report, the Company had completed the development of the alpha generation of the 3D printer, and on February 25, 2015 it introduced for the first time the first generation (alpha version) of the printer. The Company anticipates that the development of a marketable product will be completed by the end of the second quarter of 2016, with sales commencing in the second half of 2016. For additional details about the stages of the development of the products of the Company as at the date of the Report, see the table in Section 11.9 above.

21.3. On December 31, 2014, the Company invested a total of about NIS 4,173,000 in connection with the development of the above products, as of the date of its establishment as a private company and its change into a public company. In the year of the Report, the Company invested the sum of NIS 3,339,000 in connection with the development of the products as mentioned in the profile of activities of the subsidiary. From January 1, 2015, to the date of signature on the Financial Statements, the Company has invested the amount of NIS 1,800,000 in the development of products.

21.4. The board of directors of the Company determined that subject to the provisions and limitations determined by the Securities Law and/or the Regulations connected thereto, and subject to the approvals for same of the requisite organizations in accordance with the Companies Law, and to the extent that it was required for the purpose of financing of the processes of the development and research, the Company would carry out an equity raising, whether through

private allocations or by a public issue (prospectus). For additional details see Note 1C. of the Financial Statements dated December 31, 2014, attached hereto.

- 21.5. On October 1, 2014, the Company announced that the Chief Scientist in the Ministry of Economy (the Administration for Industrial Research and Development) had informed the subsidiary that a budget had been approved for financing the development project for the three-dimensional printers that the subsidiary is developing, in the amount of NIS 3.7 million, where the part of the Chief Scientist in the financing of the above amount is up to 50%. At the time of the Report, the Company had received the sum of NIS 643,000 from the Chief Scientist.

Certain assessments and/or declarations and/or statements referenced in this profile above and below, including with reference to the investments and/or amounts subject to them, do not constitute facts that rely on events that took place in the past, but constitute the "forward-looking" information, as defined by the Securities Law, in the regulations and rules issued under it; these laws apply rules for decreased responsibility in respect of the forward-looking information that is included, *inter alia*, in this profile, given the existence of three cumulative conditions that are stated in Section 32A. of the Securities Law" (a) Specific citation alongside the information s mentioned that it is forward-looking; (b) Alongside the information mentioned were details of the facts and main data which served as an information base; (c) It was clearly emphasized that the main factors that might bring about the above information not materializing have to be considered.

22. Intangible Assets

As of the date of the Report, other than what is described below, the Company has a number of intellectual property assets which are registered or in the process of registration, including patents and trademarks:

- 22.1. On September 16, 2014, the Company published a notice according to which the Subsidiary entered into a license agreement with "Yisum" - the Hebrew University of Jerusalem's Research Development Company Ltd. (hereinafter: the "**License Agreement**" and "**Yisum**") which grants Nano Dimension Technologies the exclusive usage right in registered patents owned by Yisum (hereinafter: the "**License**"), which will allow it to manufacture nano-conductive ink for printing electronic circuits in a unique method. It was stipulated in the License Agreement that in consideration of receipt of the License, the Subsidiary will pay Yisum royalties in the scope of approximately 3% of the sum of sales of the conductive ink (after it completes development and commences actual manufacture and sale), and will participate in the ongoing costs of registering the patents, where these amounts are appraised in an amount which is not substantive for the Company. The License Agreement is in effect for the entire length of the life of the patent and patent applications. For additional details, see the Company's report from 09/16/2014 [reference no. 2014-01-158568], the contents of which regarding this matter are presented by way of reference.

- 22.2. On October 30, 2014, the Company gave notice that the Subsidiary submitted a registration application for a provisional patent for the isolated ink which the company is developing to the US Patent and Trademark Office.
- 22.3. On November 17, 2014, the Company gave notice that the Subsidiary submitted a patent application for a provisional patent to the US Patent and Trademark Office, for a unique method which it developed for printing multilayer and two-sided printed circuit boards (PCB), which includes printing interlayer connections (Vias).
- 22.4. On February 22, 2015, the Company gave notice that the Subsidiary submitted an application to the US Patent and Trademark Office to register a patent for a unique ink recycling and cooling system for three-dimensional print-heads which the Subsidiary is developing. For additional details, see the Company's report from 02/22/2015 [reference no. 2015-01-035536], the contents of which regarding this matter are presented by way of reference.

23. Human Capital

23.1. General

As of the date of the Report, the Company employs four senior management employees who are also the controlling shareholders in the Company,¹⁹ who serve as directors and senior officers: Mr. Amit Dror who serves as the CEO of the Company, Mr. Simon Anthony Fried who serves as VP of Marketing and Business Development, Mr. Sharon Fima who serves as the Chief Technology Officer (CTO), and Mr. Dagi Ben-Noon who serves as the Chief Operating Officer (COO).

The Company entered into an agreement for the provision of management and development services with the current chairman of the Company's board of directors.

23.2. Compensation and Terms of Employment of Senior Management Employees

For details about compensation paid to the senior officers in the Company, see Regulation 21 in Chapter D, "Additional Details about the Corporation," attached to this Report below.

In accordance with the provisions of the Companies Law, 5759-1999, the Company's board of directors determined the compensation policy for its officers. For additional details, see Section 16 in Chapter B, "Board of Directors' Report," attached to this Report below.

23.3. Staffing Patterns of the Employees and Service Providers in the Subsidiary

The Subsidiary directly employs employees for the purpose of advancement and operation of its business activities. Below is the staffing pattern of employees and service providers in the Subsidiary as of and adjacent to the date of the Report:

¹⁹ As a result of a voting agreement between the four controlling shareholders in the Company on the eve of the completion of the Merger with the Subsidiary, the Company sees them as the controlling group as of the date of the Report.

Field of Occupation	As of 12/31/2014 and adjacent to the date of this Report
Research and development	As of the date of the Report, the research and development team includes 16 employees and/or service providers through outsourcing.
Management, finance, human resources, information and technology systems	Professional external consultants: Mazor Company: Tal Levi, Chief Financial Officer, Prof. Shlomo Magadasi.
Business development	The Company's management.
Marketing	VP of Marketing and the two external service providers.

23.4. Nano Dimension Technologies (the Subsidiary) operates according to the principle of recruiting the most essential personnel for the continued development of its core abilities, while acquiring services or employing experts for every activity that is not related to its core processes, in accordance with development, marketing and product sale processes.

As of the date of its founding and until the profile date, substantive changes have occurred in the staffing patterns of employees in the Company - since the Merger and raising of funds, the Company increased its development staff.

23.5. As of the date of the Report, the Company acted to qualify and train employees within the Company, but did not invest substantive funds for this purpose.

23.6. Substantive Dependence on a Particular Employee

As of the date of the Report, the Company's management estimates that there is dependence on the current management staff – the esteemed Mr. Amit Dror, Simon Anthony-Fried, Sharon Fima, and Dagi Ben-Noon, in light of their skills, their professional record, their vast experience, and the know-how which they possess in the field and which they bring to the Company's field of business.

24. Raw Materials and Suppliers

24.1. Raw Materials

The primary raw materials used in the field of the Company's activities are electronic components such as: in the 3-D printer: linear axes, electric motors, motor drivers, Inc. pumps, air pumps, print-heads, electronic cards, power supplies, and etched metal parts. In the ink products: silver acetate, chemicals of various types, and solvents of various types.

24.2. Suppliers

As of the date of the Report, the Company does not have fixed suppliers.

However, for the purpose of purchasing the raw materials listed, the Company contracts with temporary suppliers.

25. Working Capital

The negative working capital for December 31, 2014 is in the sum of approximately NIS 102,000.

26. Financing

26.1. As of December 31, 2014, the Company had cash and cash equivalents balances of approximately NIS 806,000.

26.2. On August 25, 2014, the Merger with Nano Dimension Technologies (and by its former name, “**Hyrax**”), was completed, in the framework of which the Company raised the sum of USD 1.5 million (NIS 5,137,500). With that, according to the usage forecast (ongoing expenses) for the Company and the Subsidiary, said balances are not sufficient for the purpose of the ongoing operation (primarily research and development activities and general management expenses) of the Company for a period of 12 months from the date of the approval of the financial statements.

26.3. As of the date of the signing of the financial statements, the Company’s coffers contain a cash and cash equivalents balance in the sum of approximately NIS 7 million.

26.4. For additional details about liquidity and financing, see Section 5 of the attached board of directors’ report, as well as Note 1C to the attached financial statements for December 31, 2014.

27. Taxation

For details regarding the tax laws that apply to the Company and/or the Subsidiary, see Note 12 to the attached financial statements for December 31, 2014.

28. Environmental Risks and their Management

As of the date of the Report, the Company is not aware of environmental risks relating to its activities. To the best of the Company’s knowledge, those provisions relating to safeguarding the environment shall not have a substantive effect in respect of which it will be required to invest and/or be subject to any investment and/or cost, and in its evaluation said provisions shall not have an effect on its profitability and its competitive status in the foreseeable near future. With that, and in light of what is stated in Section 10.5, *supra*, regarding possible legal restrictions and standards, which as of the date of the Report are unknown to the Company, it is possible that in order to meet such standards, such as ISO standards, the Company will be required to meet the provisions and standards of the Environmental Protection Ministry; however, as of the date of the Report, no such requirements are known to the Company.

29. Restrictions and Oversight on the Company's Activities

See Section 10.5, *supra*.

30. Substantive Agreements

30.1. The Merger between Nano Dimension Technologies and the Company (formerly Z.B.I.)

As stated in this Report above, after approval of the Company's shareholders was given at its [general] meeting on August 17, 2014, on August 25, 2014, the Merger, as defined in Section 1.4 of this Report, *supra*, between Nano Dimension Technologies and the Company was completed, and as a result of its completion, control of the Company changed hands, new directors and officers in the Company were appointed, and the Company holds the business activities of Nano Dimension Technologies which became the Company's subsidiary - these activities are 100% held by the Company. For additional details, see Section 1.4 of this Report above.

31. Collaboration Agreements

As of the date of the completion of the Merger and until the date of the Reports, the Company entered into collaboration agreements as follows:

31.1. Contractual engagement with "Yissum" – the Hebrew University of Jerusalem's Research Development Company Ltd.

On September 16, 2014, the Company published a notice according to which the Subsidiary entered into a license agreement with "Yissum" - the Hebrew University of Jerusalem's Research Development Company Ltd. (hereinafter: the "**License Agreement**" and "**Yissum**") which grants Nano Dimension Technologies the exclusive usage right in registered patents owned by Yissum (hereinafter: the "**License**"), which will allow it to manufacture nano-conductive ink for printing electronic circuits in a unique method. For additional details, see Section 22.1 of this Report above.

31.2. Appointment of an Expert Advisor

On December 14, 2014, the Company gave notice that it appointed Prof. Shlomo Magadasi from the Hebrew University of Jerusalem, who is considered the foremost expert on nanomaterials and their development, as an external advisor to the Subsidiary.

31.3. Memorandum of Understanding for Collaboration with the Chinese Company

On January 29, 2015, the Company published a notice according to which the Company's board of directors decided to broaden the Subsidiary's business activities in a manner such that the latter will begin operating in the field of nanomaterials, and for the purpose of expanding its activities as aforesaid, the Company will collaborate with a large governmental Chinese Company (hereinafter: the "**Chinese Company**"). In the framework of the collaboration, a nonbinding memorandum of understanding (hereinafter: "**MOU**") was signed between the Company and the chemical division of the Chinese Company. In the framework of the MOU,

both companies shall begin operating jointly to establish a nanomaterials manufacturing plant in Singapore in an initial investment in the scope of approximately 3 million US dollars which will be fully financed by the Chinese Company in consideration of 50% of the shares in the new company which will be established for such purpose in Singapore. The factory which will be established will manufacture unique nanomaterials based on advanced technology and be intended for various markets other than the PCB market in which the Subsidiary operates.

As of the date of the Report, there is no certainty that the aforementioned collaboration will indeed materialize and the parties are acting to reach a binding and final agreement between them. For additional details, see the Company's report from January 29, 2015 [reference no. 2015-01-020947], the contents of which regarding this matter are presented by way of reference.

31.4. Entering into an Agreement for Capital Market Investor Relationships

On February 19, 2015, the Company gave notice that it entered it engaged with Mr. Kfir Zilberman as an external consultant, in an agreement for the provision of consultation and handling of Capital Market investor relationships. For additional details, see the Company's report from 12/19/2015 [reference no. 2015-01- 034639], the contents of which regarding this matter are presented by way of reference.

32. Legal Proceedings

As of December 31, 2014, the Company was not a party to any legal proceedings.

After the balance sheet date – on March 21, 2015, a claim was submitted at the Tel Aviv District Court against the company that is a subsidiary of the Company, shareholders and officers in it and another employee of the Company. The lawsuit was submitted as a *prima facie* claim for theft of commercial secrets and technology that was developed by it. The amount of the lawsuit stands at the amount of NIS 20 million. In addition, the Court was asked to instruct the defendants if and to the extent that the lawsuit is accepted to refrain from making use of the knowledge and technology of the Plaintiff. The Company anticipates that the lawsuit that has been submitted against it is baseless and is considering responding with legal proceedings in respect of damages caused to it as the result of the lawsuit, to the extent caused. For additional details about the description of the lawsuit see the Company Report dated March 21, 2015 [reference no. 2015-01-056179], whose contents regarding this matter are presented by way of reference. At the date of the Report, the lawyers handling the lawsuit are not able to evaluate the changes of the lawsuit. In the Financial Statements no provision has been made in respect of the above lawsuit. For additional details see Note 9 to the Financial Statements as of December 31, 2014, attached hereto.

33. Objectives and Business Strategy

At the date of the Report, the strategic vision of the Company focuses mainly on: positioning the Company as a leading company in the field of printed electronics and especially in the field of 3D printers and nano conductive-ink in the electronics market.

In parallel to this – the Company is working to expand and deepen the basket of products and services that the Company will be able to supply in the future, among them – the manufacture of three-dimensional printers which print conductors, future development of the next generation of 3D printers, and the creation of a positive cash flow from ongoing activities. Company management is evaluating, and will continue to evaluate its strategic and business objectives from time to time.

The objectives and strategy detailed in this section include "Forward-Looking Information," as defined in Securities Law and they are looked upon as vision and objective. The Company has no certainty regarding its ability to realize the vision and achieve the objectives that it has set, which to a not inconsequential extent are based on factors that, by their very nature, are not under its control, such as: success in the raising of equity and/or making available all the financing required so as to complete the research and development process for its products, completing the process for development of products that the Company is successfully developing and meeting the evaluation/checking of its customers. This information may change according to the needs of the Company and its external environment, such as they may be.

34. Expectation for development in the coming year

During the coming year, the Company intends to focus mainly on the following activities:

- 1) Completion of development of Company products, and having the products meet the evaluation/testing of customers to their satisfaction;
- 2) Continuing to raise the equity required for the Company so as to make available the infrastructure and manufacturing environment required to manufacture its products, and to market and sell those products;
- 3) Establishment of infrastructure with initial customers even before the start of sales for the purpose of evaluating quality of the product and coordinating expectations of the customers;
- 4) Creating a marketing network for Company products;
- 5) Promotion of the agreement with the Chinese to establish joint activity in the sphere of nano materials.

The above assessment of the Company with regard to the expectation of its development in the coming year includes "forward-looking information," as defined in the Securities Law. Non-achievement of the required financing and/or non-achievement of the development of the products and/or technology changes and/or development and marketing of similar competitor and/or more efficient products may change the plans of the Company as described above. Moreover, there is no certainty that these plans will be realized in part or in full since they depend, *inter alia*, on external factors that the Company has no ability to influence or where the Company's ability to influence them is limited, such as marketing and/or technological difficulties, technological developments, marketing and financial conditions. New information that is received from tests that the Company continues to perform and/or changes in each of the above such as the possibilities for raising equity and/or changes in legislation and/or changes in regulation that influence the activities of the

Company and that may cause the non-realization of the Company plans or part of them or their realization in a different manner.

35. Financial information relating to geographical areas

Not relevant to the area of activity of the Company.

36. Discussion of risk factors

The Company's investment in securities is subject to risks that characterize investment in a company that is starting out, and that is working in the field of research and development. Below, we present a review relating to the risk factors that might materially influence the activity of the Company and the subsidiary and its business results:

36.1. Macro-economic risks

36.1.1. Recession in the economy, economic slowdown and uncertainty in the work market

Economic recession and uncertainty in the Israeli and/or world market in general and the hi-tech and electronics market in particular, could negatively influence the ability of the Company to raise additional equity required for its activity.

36.1.2. Exposure to changes in the exchange rates of foreign currency

See Section 9.6 above.

36.1.3. The security situation in Israel

Changes in the security and political situation are likely to have an influence on the activities of the Company. A worsening in the security and political situation is likely, *inter alia*, to bring about a decline in the ability of the Company to raise the additional equity required for its activity.

36.2. Sectoral Changes

36.2.1. Technological Changes

Although in the near term no material technological changes are expected that might influence the currency of the manufacturing equipment and the technologies in the Company's field of activity, the creation of alternative technology to technology which is based on printed circuits, might affect the scope of the Company's activity.

36.2.2. Regulation

The activity of the Company and the subsidiary in the field of research and development, and future marketing of the Company's products, are likely to be subject in the future to regulatory supervision of standards and legislative institutes in the various countries. Changes and developments in the regulatory requirements and/or non-compliance of the Company with the above requirements could create the imposition of restrictions and/or delays on the development of the Company's products

and/or cause its cessation, and cause the Company substantial expenses. For details regarding the regulatory environment in which the Company is operating, see Section 10.5 of this Report above.

36.2.3. Financing sources

The financing sources available to the Company are not of a sufficient scope to bring about the completion of the research and development of the Company's products and for commercial manufacture and marketing. There is no certainty that the Company will succeed in raising additional sources of finance that are required so as to carry out the advanced and essential stages of development of its products. The absence of sufficient means of financing is likely to bring about the cessation of the commercial activity of the Company.

36.2.4. Dependence on professional personnel

The activity of the Company in its sphere is characterized by the level of knowledge, professionalism and expertise in the field at the highest level, and quality management personnel with experience and awareness in the field of three-dimensional printers in general and nano-technology based products in particular. The ability of the subsidiary to continue with the development of its products depends, *inter alia*, on its ability to continue employing skilled personnel as mentioned. The current controlling interests in the Company have committed to invest 100% of their time in the activities of the subsidiary, and they have committed not to complete with the business activities of the subsidiary for a period of 18 months from the date of the end of their business relationship with the Company (undertaking that was given by them within the framework of the merger transaction).

36.2.5. Experiments in the Development Process

Conducting of experiments in the framework of the process of research and development of the products of the Company may delay or arrest for different reasons, *inter alia* as the result of reasons that are not connected to the products of the Company and regulatory changes.

36.2.6. Competition

The Company is exposed to competition, both from factors operating currently in the market and from factors that are involved in research and development of products that are likely to complete in the future with the products of the Company. For details about the competition see Section 17 of this Report, above.

36.2.7. Development and technological changes in the area of the Company's activity

Developments in the area of the Company's activity are likely to constitute an alternative for the technology that has been developed by the Company. Alternative

developments as mentioned are likely to decrease or to obviate the need for use of the Company's products.

36.3. Unique Risks to the Company

36.3.1. Research and development stages

At the date of the Report, the Company had completed the development of the conductive ink, and commenced the process of its manufacture, completed the construction of an initial sample (alpha version) of the 3D printer but has not yet completed the process of development of the printer. At the date of the Report the Company had not enjoyed any revenues from sales and/or marketing of its products. There is no certainty that the processes of the research and development will mature into a marketed and ready for sale product.

36.3.2. Demand for the Company's products in the future and their prices

At the date of the Report, the Company has not yet started to sell and market its products. However, if and when the research and development stage of the products are completed, there is no certainty that at that date there will be demand for these products that will justify their manufacture and marketing in a commercial manner.

36.3.3. Dependence on manufacturer/supplier

For most of the raw materials used by the Company there is more than one supplier, and therefore the assessment of the Company is that it is not dependent on any supplier with regard to these raw materials. In order to prevent a situation of lack of these materials, the Company typically purchases from suppliers a supply of materials in advance, which is likely to be enough for a period of at least several months. On the date that the Company commences mass-production manufacture of its products, when a larger quantity of these materials is required, the Company will consider contracting with suppliers for regular supply of the aforementioned materials.

36.3.4. Non-development of additional products

There is no certainty that the Company will successfully develop additional products. For details in the matter of new products see Section 13 above.

36.4. In the table below we show the main risk factors described above, which have been graded according to the assessment of the Company, according to the influence that they are likely to have on its business activity:

	Extent of influence of the risk factor on the Company		
	Slight influence	Medium influence	Major influence

<u>Macro-economic risks</u>			
Domestic recession, economic slowdown and uncertainty in the world market		+	
Exposure to changes in the rates of exchange of foreign currency		+	
The state of Israel's security		+	
<u>Sectoral risks</u>			
Technological changes			+
Financing sources			+
Dependence on professional personnel			
Experiments in the development process			+
Competition		+	
Developments and technological changes in the field of activity of the Company		+	
<u>Risks unique to the Company</u>			
Stages of research and development		+	
Demand for the Company's products in the future and their prices		+	
Dependence on manufacturer/supplier	+		
Non development of additional products	+		

- Identification of risk factors and the extent of their influence on the Company is based on its assessment and the assessment of the subsidiary only, and all the assumptions and details set out above and below are forecasts, assessments and forward-looking estimates, as defined in Securities Law 5728 – 1968, based in part on the assessments of the management of the Group, with regard to the developments and future events the dates of occurrence of which, if at all, is not certain and is not under the control of the Group. These assessments may not occur, in whole or in part, or may occur in a manner that is different from that which has been assessed,

as the result of different factors, and among them non-compliance with manufacturing objectives and/or development and/or other factors which are not under the control of the Group and/or the materialization of any of the risk factors referred to in Section 36 of this Report above.

Names of signatories:

1. Mr. Itschak Shrem, Chair of the Board of Directors _____
2. Mr. Amit Dror, CEO and Director _____

This day: March 30, 2015

Chapter B – Report of the Board of Directors on the State of the Corporation's Affairs

Part B – Explanations of the board of directors relating to the state of the Corporation's affairs as at December 31, 2014

In accordance with the provisions of Regulation 10 of the Securities Regulations (Periodic and Immediate Reports) 5730 – 1970), the board of directors of the Company is pleased to hereby present to the shareholders the Report of the Board of Directors of Nano Dimension Ltd., on the state of the Corporation's Affairs, (hereinafter: the "**Company**") for the period ended December 31, 2014 (hereinafter: the "**Reporting Period**").

1. Activities of the Corporation and its Business Environment

- 1.1. For a description of the business of the Company to the date of the Report, see Chapter A of this Report – "Description of the Corporation's Business Activities."
- 1.2. Until August 25, 2014, the Company was a "stock exchange skeleton" that was not conducting any business activities, apart from administrative management; however, commencing August 25, 2014, resulting from the completion of a merger transaction with Nano Dimension Technologies Ltd.¹ (formerly known as "**Hyrax**") hereinafter: "**Nano Dimension Technologies**"), through the date of the Report, the Company has been conducting the activities of the subsidiary Nano Dimension Technologies, which is held completely by the Company (100%) as mentioned in Chapter A, "Description of the Corporation's Business Activities," above.
- 1.3. At the date of the Report, Nano Dimension Technologies is a hi-tech company, active in research and development of a three-dimensional (3D) printer that prints printed circuit boards and the development of conductive ink products based on nanotechnology that are essential products complimentary and accessory to the 3D printer and the printing of conductors in general. For full details of the business activities of Nano Dimension Technologies see Chapter A, "Description of the Corporation's Business Activities," above.
- 1.4. Until August 25, 2015, the date upon which the control of the Company changed over and the merger transaction completed between the Company and Nano Dimension Technologies, the Company was a "stock exchange skeleton" company, and other than the administrative activities of the Company, there were no business activities transacted.
- 1.5. For the details required for the description in the Report of the Board of Directors² for the period January 1, 2014 through August 25, 2014 – the completion date of the merger transaction with Nano Dimension Technologies, see the Periodic Report of the board of directors for the year 2013 (published on March 28, 2014 [reference no. 2014-01-027966]), and the content of the interim

¹ On September 18, 2014, the Registrar of Companies approved the change of name of the subsidiary company from its former name – Hyrax Technologies B.P. 2012 Ltd., to its current name.

² According to Standard 10 of the Securities Regulations (Periodic and Immediate Reports) 5730 - 1970.

quarterly reports of the Company for the first quarter and second quarter of 2014, which were published on May 30, 2014 and August 31, 2014 [reference nos. respectively 2014-01-080136 and 2014-01-147753].

1.6. On August 25, the merger transaction was completed between the Company and Nano Dimension Technologies and its shareholders. All the conditions precedent required for the completion of the transaction were met, among them the raising of equity in the amount of USD 1.5 million (amounting to NIS 5,137,500) from investors and interested parties in the Company in consideration of an allocation of shares (in accordance with the amount of their investment as set out in the division between them in the amended report of the transaction that the Company published on August 12, 2014 [reference no. 2014-01-132765]), the general meeting of the shareholders of the Company, at its meeting on August 17, 2014, approved the transaction and the accompanying transactions by the required majority in accordance with Companies Law, among them the meeting approved: Introduction of Nano Dimension's commercial activity into the Company, allocation of shares and options to the shareholders of Nano Dimension and their conversion into shareholders of the Company (in light of a voting agreement that was signed between them with regard to their holdings), in addition to the fact that each of the four Nano Dimension shareholders was appointed as a director of the Company, the termination of service of some of the directors who served on the eve of the completion of the merger, appointment of new directors, among them shareholders of Nano Dimension and a director on behalf of a material shareholder who in light of his investment in the framework of raising of the equity became an interested party in the Company due to his holdings³, appointment of the CEO of Nano Dimension as the CEO of the Company, appointment of a new auditor for the company, granting of statements of exemption and indemnity to new directors, including them in the collective liability insurance policy for functionaries of the Company, replacement of the articles of the Company, issue of a run-off insurance policy and determining new remuneration policy for the Company's functionaries. For additional details see the results of the General Meeting of Shareholders of the Company dated August 17, 2014 [reference no. 2014-01-135507].

2. Material events during the reporting period

See Chapter A. "Description of the Corporation's Business Activities," of this Report above.

3. Analysis of the financial state of the Company (NIS thousands)

In March 2014, the Company divided the shares of a subsidiary B.G.A. as a dividend in kind in a manner such that after the aforementioned division, and as at December 31, 2014, the Company controlled the business activity of Nano Dimension Technologies as mentioned in Chapter A of this Report above.

On August 25, 2014, the merger transaction was completed between the Company and Nano Dimension Technologies, and in light of the merger transaction, the comparison numbers that are

³ Michael Ilan Investments Ltd. See Immediate Report dated August 25, 2014 [reference no. 2014-01-141900].

presented in the financial statements and in this Report of the board of directors have been presented anew and reflect its financial state and the results of the activities of the subsidiary (Nano Dimension Technologies) with the exception of comparative information in respect of share capital, shares in the treasury and loss per share which are presented in accordance with the provisions of IFRS3. For additional details see Note 1.B to the Annual Financial Statements dated December 31, 2014, attached hereto. Moreover, and whereas for the parallel period last year the Company was involved in completely different activity, comparative numbers will be imported but without the provision of accompanying explanations since these are not relevant.

	As of December 31, 2014	As of December 31, 2013
Current assets	1,285	17
Assets that are not current	1,135	34
Total assets	2,420	51
Current liabilities	1,387	239
Liabilities not current	370	-
Equity Capital (Deficit)	663	(188)
Total liabilities and equity	2,420	51

- 3.1. The balance of the current assets as at December 31, 2014 amounted to the sum of approximately NIS 1,285,000 made up mainly of cash and cash equivalents. The growth derives from rounds of raising capital during the reporting period with the deduction of current expenses during the period.
- 3.2. The balance of the non-current assets as at December 31, 2014 amounted to the sum of NIS 1,135,000, made up of fixed assets.
- 3.3. The balance of the non-current liabilities as of December 31, 2014 amounted to the sum of NIS 1,387,000 made up mainly of suppliers balances in the amount of approximately NIS 210,000 from loans from controlling shareholders in the amount of approximately NIS 150,000 and from creditors' balances in the amount of approximately NIS 1,027,000 which is made up mainly of expenses payable for directors' salaries, professional and legal services.

- 3.4. The balance of non-current liabilities as at December 31, 2014 amounted to the sum of approximately NIS 370,000 which is made up of liabilities to the [Office of the] Chief Scientist.
- 3.5. Total equity capital in the report on the financial situation as at December 31, 2014 amounted to the sum of approximately NIS 663,000.

4. The Business Results

4.1 Main features of the results of the activity

On August 25, 2014 the merger transaction was completed between the Company and Nano Dimension Technologies (the subsidiary), and during the reporting period the Company did not have revenues whatsoever from activities. The following are the main sections:

4.2 Research and Development Expenses

Research and development expenses for the reporting period amounted to approximately NIS 3,339,000 compared to the sum of approximately NIS 806,000 during the corresponding period in the previous year the main increase deriving from the raising of equity as the result of the merger and thus facilitating the acceleration of the results of the research and development of the Company product.

4.3 Management and General Expenses

Management and general expenses for the reporting period amounted to the sum of approximately NIS 1,426,000 compared with the amount of approximately NIS 134,000 during the corresponding period in the previous year, the main expenses being in respect of professional services, salaries of functionaries including directors' salaries.

4.4 Commercial Trading Expenses

Commercial trading expenses for the reporting period amounted to the sum of approximately NIS 9,358,000. The expense is a one-time expense and derives as the result of the above-described merger transaction.

5. Liquidity and financing sources

- 5.1. As of December 31, 2014 the Company has cash balances and cash equivalents in the amount of approximately NIS 806,000. On August 25, 2014 the merger transaction was completed between the Company and Nano Dimension Technologies (formerly known as "**Hyrax**"), in the framework of which the Company raised equity in the amount of USD 1.5 million (NIS 5,137,500). At the same time, according to the usages forecast (current expenses) of the Company and the subsidiary, the above balances are not sufficient for the needs of current activity (especially the research and development activity and management and general expenses) of the Company for the period of 12 months from the date of approval of the financial statements.
- 5.2. At the date of signature on the financial statements, there is a cash and cash equivalent balance in the Company's coffers in the amount of approximately NIS 7 million.

- 5.3. The above cash balance raises a significant doubt regarding the continued existence of the Company as a going concern. For additional details see Note 1C to the Financial Statements as of December 31, 2014 attached hereto.
- 5.4. On January 15, 2015, the Company completed a round of capital raising from seven investors (who did not become interested partners in the Company) in the amount of NIS 2,112,000 in consideration of an allocation of shares and options (that were allocated without consideration). At the date of the Report, the consideration was transferred in full to the Company account. For additional details see Report on Material Allocation that was published by the Company on January 5, 2015 [reference no. 2015-01-003568], whose contents regarding this matter are presented by way of reference.
- 5.5. On February 16, 2015, a Special General Meeting approved the raising of equity via a private allocation to two interested parties in the Company – Messrs. Itschak Shrem and Eli Yoresh in the amount of NIS 400,000 in consideration of an allocation of shares and options. At the time of the Report, the consideration has not yet been transferred to the Company account. For full details regarding the issue see the statement in the amended invitation to the meeting that the Company published on February 10, 2015 [reference no. 2015-01-029074], whose contents regarding this matter are presented by way of reference.
- 5.6. On February 18, 2015, the board of directors of the Company approved raising of equity in the scope of NIS 6,528,300 through a private allocation of Company shares to a number of offerees, among them an existing interested party in the Company, and an offeree, who as the result of his investment becomes and interested party thanks to the holdings following the share issue, all in accordance with the conditions and in accordance with the distribution as detailed in the report of the private material allocation, which was published by the Company on February 18, 2015 [reference no. 2015-01-034462], whose contents regarding this matter are presented by way of reference. At the date of the Report, the consideration has been transferred in full to the Company account.
- 5.7. The board of directors of the Company is working to recruit the monetary resources required for the purpose of covering the current expenses in the foreseeable future because with the objective of strengthening the financial backbone of the Company through planning and carrying out of raising of equity by way of private allocations of via an issue prospectus to the public (subject to the provisions of the Securities Law 5728 – 1968 and/or the regulations thereof and subject to the receipt of all the approvals and/or the permits required therefore by law). Moreover, and in accordance with the Company announcement dated March 24, 2015, the board of directors of the Company decided to make preparations and evaluate the entry of the Company into the American equity market, and the Company, and the Company is evaluating the possibilities of listing and issuance in the US.

6. Critical accounting estimates

Preparation of the Company's financial statements in accordance with the accepted accounting rules

in Israel requires from the Company management the preparation of estimates and the making of assumptions that influence the amounts presented in the financial statements. According to the Company's management, the use of critical estimates has been made in the preparation of the financial statements of the Company which is as detailed in Note B.2 to the Financial Statements.

7. Taxes on Income

See Note 12 to the Financial Statements dated December 31, 2014, attached hereto.

8. Seasonal Influences

Company activity is not subject to any kind of seasonal influence.

9. Extraordinary or one-time events

During the reporting period there were no extraordinary events except for the events detailed in Chapter A. – "Description of the Corporation's Business Activities" above.

10. Events likely to indicate financial difficulties

See Note 1.C to the annual Financial Statements to December 31, 2014 attached hereto.

11. Explanation relating to topics that the Corporation accountant has drawn attention in his letter reviewing the annual financial statements.

See Note 1.C to the annual Financial Statements to December 31, 2014 attached hereto.

12. Donations

The Company views contributing to the community as an integral part of its activity. The Company determined in its articles that it has the right to donate reasonable amounts to suitable causes, even if the donation is not within the framework of the business considerations of the Company. The board of directors is authorized to determine, at its discretion, the amounts of the donations, the objectives for which they are made, the identity of the recipient of the donation and any other condition in connection therewith. In the reporting year, the Company did not donate any money.

13. Disclosure concerning the Internal Auditor

13.1. Up to August 31, 2014, the internal auditor of the Company was Ofer Orlitzky, CPA, and details concerning him can be found in Chapter B "Report of the board of directors" of the Periodic Report of the Company for the year 2013, whose contents regarding this matter are presented by way of reference.

13.2. On August 31, 2014, the board of directors of the Company the accounting firm of Morad Shmueli Lachem and Partners as the internal auditor through Mr. Uziel Shmueli, CPA. The decision of the board of directors regarding the appointed appointment of the internal auditor was taken after receiving a suggestion from the audit committee in the matter,

However, on March 2, 2015, Mr. Uziel Shmueli resigned his position as the internal auditor. For details concerning him see Section 13 of the Report of the board of directors for the third

quarter, which was published by the Company on November 25, 2014 [reference no. 2014-01-210051], whose contents regarding this matter are presented by way of reference.

- 13.3. On March 30, 2015, the board of directors of the Company appointed Mr. Daniel Shapira as internal auditor of the Company. His details are brought below:

Name of the current internal auditor of the Corporation: Daniel Shapira, CPA

Date of commencement of service: March 30, 2015

Skills that make Daniel Shapira, CPA suitable to occupy the position: Daniel Shapira, CPA has an accounting office specializing in internal auditing. The office has 22 years' experience in performing internal audits for public companies and specializes in a wide variety of areas of activity.

The internal auditor is not a Company employee but provides it with external internal audit services.

Method of Appointment: Daniel Shapira, CPA was appointed as internal auditor of the Company by the board of directors of the Company, after it had received a recommendation in that respect from the audit committee.

Salary of the Internal Auditor: The salary of the internal auditor as proposed by him to the Company stands at the amount of NIS 225 per work hour with the addition of VAT, but the extent of his employment and the ceiling of audit hours has not yet been determined. Daniel Shapira, CPA does not hold shares in the Company.

Identity of the Supervisor of the Internal Auditor: The supervisor of the internal auditor is the chair of the board of directors.

The Work Program: The internal auditor will submit to the audit committee a multi-year internal audit plan from which the topics for internal audit for 2015 will be selected.

Performance of the audit: The internal auditor performs the audit according to the accepted professional standards.

Access to information: The internal auditor will be given free access to all data and/or documents and/or agreements of the Company and the Corporations held by the Company.

At the date of the Report, the audit committee has not yet formalized a work program for the internal audit and the Company estimates that such a plan will be formulated by the end of the first quarter of 2015, and then as required, the internal auditor will submit the report of the internal auditor in writing to the head of the board of directors, the CEO and the head of the audit committee, who will hold a discussion on the findings of the report.

14. Disclosure concerning the Auditor of the Corporation

- 14.1. On June 12, 2014 the General Meeting approved the appointment of Strauss Lazar and Partners accounting firm as the Auditors for the Company, effective from June 1, 2014 ("current

auditor") and authorized the board of directors of the Company to determine his salary, and this, crossing over with the approval to terminate the service of accountants Kost Forer Gabbay and Kasirer CPA (the "**previous auditor**"). Moreover, the general meeting authorized Company management to determine his salary.

14.2. The overall salary of the current auditor is NIS 167,000 for 845 hours and this is also for audit and review of two quarterly reports in 2014, according to the following detail: Review of 2 quarters + annual audit 710 hours and fees of NIS 105,000. The merger transaction 110 hours and fees of NIS 42,000. Other work 25 hours and fees of NIS 20,000.

14.3. The overall salary of the previous auditor (Kost Forer) is NIS 30,000, for 162 hours and this is for audit and review of the first quarter report for 2014.

14.4. At the time of determining the salary of the accountant the Board of Director took note of his experience, scope of work, size of the Company and its current activity.

15. Directors with Accounting and Financial Expertise

15.1. The board of directors of the Company determined *inter alia* that considering the type of company, its size, the scope of its activities and complexity, the minimum number of directors with expertise in accounting and finance is two (2).

15.2. At the date of the Report, the Company views its external directors, Irit Ben Ami, Ron Elazar (Roni) Kleinfeld as people with accounting and financial expertise. For additional details regarding their expertise, education and experience, based upon which the Company views them as people with accounting expertise, see Chapter D. "Additional Information about the Corporation," later in this Report.

16. Remuneration of Senior Officials

16.1. At its meetings on August 17, 2014 and on January 20, 2015, the General Meeting approved the policy for remuneration of Company officials ("**remuneration policy**"). For details regarding remuneration policy, as approved by the Meeting on January 20, 2015, see Appendix C.

For the amended invitation to the meeting and report on employment that the Company published on December 17, 2014, [reference no. 2014-01-224355];

16.2. In light of the above meeting, and in accordance with the provisions of Amendment No. 20 to the Companies Law, 5773-2012, the board of directors of the Company determined that the remuneration of officials in the Company will be as stated in the remuneration policy;

16.3. Conditions of Employment for Senior Company Officials

Conditions of Employment Itschak Shrem – Chairman, Board of Directors

16.3.1. The board of directors was presented with the details of remuneration of the Chairman of the board of directors, Mr. Itschak Shrem, in 2014 (commencing from the date of completion of the merger on August 25, 2014) as set out in Regulation 21 of Chapter

D. – "Additional Information about the Corporation," below in this Report. The board of directors considered the remuneration paid to Mr. Shrem, and took into account that Mr. Shrem served actively as the Chairman of the board of directors in recent months and that he is working tirelessly to promote the Company's business, and that during the period of his working with the Company he has made a significant contribution to the Company, promotion of its goals, its growth and development. The board of directors of the Company also considered the need to retain Mr. Shrem in his position as Chairman in light of his many years of familiarity with the Israeli equity market, and in light of his talent, and professional record.

- 16.3.2. It is the assessment of the board of directors that in light of the considerations detailed above, and after having evaluated the topic, and given consideration for the great benefit of Mr. Shrem Dror [*sic*] to the Company, the remuneration that was paid to Mr. Dror in 2014 (relatively speaking) as detailed in Regulation 21 of Chapter D. "Additional Information about the Corporation" later in this Report, is fair and reasonable, and consistent with the remuneration policy for officials in the Company.

Conditions for the Employment of Amit Dror – CEO and Director

- 16.3.3. The board of directors was presented with the details of remuneration of the Company CEO, Mr. Amit Dror in 2014 (commencing from the date of completion of the merger on August 25, 2014) as set out in Regulation 21 of Chapter D. – "Additional Information about the Corporation," below in this Report. The board of directors considered the remuneration paid to Mr. Dror, and took into account that Mr. Dror serves as CEO of the Company and invests all his efforts in the success of the Company, contributing with his dedication and daily work to the business of the Company, its solidity and stability and that the level of responsibility that is placed upon him within the framework of his position is great. The board of directors of the Company also considered the need to retain Mr. Dror in his position in light of his talent, skills and familiarity with the field of the subsidiary's business activity, and in light of his skills, professional record, considerable experience and knowledge in the field of activity of the subsidiary.
- 16.3.4. It is the assessment of the board of directors that in light of the considerations detailed above, and after having evaluated the topic, and given consideration for the great benefit of Mr. Amit Dror to the Company, the remuneration that was paid to Mr. Dror in 2014 (relatively speaking) as detailed in Regulation 21 of Chapter D. "Additional Information about the Corporation" later in this Report, is fair and reasonable, and consistent with the remuneration policy for officials in the Company.

Conditions of Employment of Simon Anthony-Fried – Deputy CEO – Marketing and Business Development and Director

- 16.3.5. The board of directors was presented with the details of remuneration of the Deputy

CEO – Marketing and Business Development, Mr. Simon Anthony-Fried in 2014 (commencing from the date of completion of the merger on August 25, 2014) as set out in Regulation 21 of Chapter D – "Additional Information about the Corporation," below in this Report. The board of directors considered the remuneration paid to Mr. Fried, and took into account that Mr. Fried has served as Deputy CEO Marketing and Business Development of the Company in recent months and has worked tirelessly to market the activity of the Company and invests all his efforts in the success of the Company, contributing with his dedication and daily work to the business of the Company, its solidity and stability and that the level of responsibility that is placed upon him within the framework of his position is substantial. The board of directors of the Company also considered the need to retain Mr. Dror in his position in light of his talent, skills and familiarity with the field of the subsidiary's business activity, and in light of his skills, professional record, considerable experience and knowledge in the field of activity of the subsidiary.

- 16.3.6. It is the assessment of the board of directors that in light of the considerations detailed above, and after having evaluated the topic, and given consideration for the great benefit of Mr. Simon-Anthony Fried to the Company, the remuneration that was paid to him in 2014 (relatively speaking) as detailed in Regulation 21 of Chapter D. "Additional Information about the Corporation" later in this Report, is fair and reasonable, and consistent with the remuneration policy for officials in the Company.

Conditions of Employment of Dagi Ben-Noon – COO and Director

- 16.3.7. The board of directors was presented with the details of remuneration of the Company CEO, Mr. Dagi Ben-Noon in 2014 (commencing from the date of completion of the merger on August 25, 2014) as set out in Regulation 21 of Chapter D – "Additional Information about the Corporation," below in this Report. The board of directors considered the remuneration paid to Mr. Ben-Noon, and took into account that Mr. Ben-Noon has served as CEO of the Company in recent months and invests all his efforts in the success of the Company, contributing with his dedication and daily work to the business of the Company, its solidity and stability and that the level of responsibility that is placed upon him within the framework of his position is great. The board of directors of the Company also considered the need to retain Mr. Ben-Noon in his position in light of his talent, skills and familiarity with the field of the subsidiary's business activity, and in light of his skills, professional record, considerable experience and knowledge in the field of activity of the subsidiary.
- 16.3.8. It is the assessment of the board of directors that in light of the considerations detailed above, and after having evaluated the topic, and given consideration for the great benefit of Mr. Dagi Shazar Ben-Noon to the Company, the remuneration that was paid to him in 2014 (relatively speaking) as detailed in Regulation 21 of Chapter D "Additional Information about the Corporation" later in this Report, is fair and

reasonable, and consistent with the remuneration policy for officials in the Company.

Conditions of Employment of Sharon Fima – CTO and Director

- 16.3.9. The board of directors was presented with the details of remuneration of the Company CTO, Mr. Sharon Fima in 2014 (commencing from the date of completion of the merger on August 25, 2014) as set out in Regulation 21 of Chapter D – "Additional Information about the Corporation," below in this Report. The board of directors considered the remuneration paid to Mr. Fima, and took into account that Mr. Fima has served as CTO of the Company in recent months and invests all his efforts in the successful marketing of the activities of the Company, contributing with his dedication and daily work to the business of the Company, its solidity and stability and that the level of responsibility that is placed upon him within the framework of his position is great. The board of directors of the Company also considered the need to retain Mr. Fima in his position in light of his talent, skills and familiarity with the field of the subsidiary's business activity, and in light of his skills, professional record, considerable experience and knowledge in the field of activity of the subsidiary.
- 16.3.10. It is the assessment of the board of directors that in light of the considerations detailed above, and after having evaluated the topic, and given consideration for the great benefit of Mr. Sharon Fima to the Company, the remuneration that was paid to Mr. Fima in 2014 (relatively speaking) as detailed in Regulation 21 of Chapter D. "Additional Information about the Corporation" later in this Report, is fair and reasonable, and consistent with the remuneration policy for officials in the Company.

Conditions of Employment of the remaining directors who are not external directors

See Regulation 21E of Chapter D. "Additional Information about the Corporation" later in this Report.

Conditions of employment of the external directors

See Regulation 21E of Chapter D "Additional Information about the Corporation" later in this Report.

Conditions of Employment of Tal Levi Aharon – CEO Finance

The board of directors was presented with the details of remuneration of the CEO Finance, who provides accounting services and preparation of financial statements for the Company on behalf of Mazor Financial Solutions Ltd., with whom the Company engages in 2014, as detailed in Regulation 21 of Chapter D "Additional Information about the Corporation" later in this Report. The board of directors considered the remuneration that is paid, and in its evaluation, and giving consideration to the great benefit Mr. Levi-Aharon brings to the Company, the remuneration paid to him in 2014 (relatively speaking) as set out in Regulation 21 in Chapter D "Additional Information about the Corporation" later in this Report, is fair, reasonable and consistent with the remuneration policy for officials in the Company.

17. Survey of Colleagues

On July 28, 2005, the Securities Authority published an instruction according to Section 36A of the Securities Law, 5728-1968, with regard to disclosure in the matter of granting agreement to the carrying out of a survey of colleagues, the purpose of which, according to the above instruction, to move forward a monitoring process of the work of the accountants and evaluate the observance of the required procedures in the process of the auditing work carried out by them, which will contribute to the existence of a progressive equity market. The Company granted its agreement to the accountants of the Company to transfer the required material in the event that there is a requirement for the taking of the sample connected to the survey of colleagues.

18. Process for approval of the financial statements

In accordance with the provisions of Companies Regulations (Provisions and Conditions in the Matter of the Process for the Approval of Financial Statements), 5770 – 2010 (hereinafter: "**Regulations for the Approval of Financial Statements**"), the Company established a committee to evaluate the financial statements of the Company (hereinafter: the "**Committee**") which is made up of members of the audit committee – Roni Kleinfeld (external director), Irit Ben Ami (external director) and Yosef Matalon (independent director)⁴ up to January 19, 2015, and effective from January 28, 2015 Zvika Yemini (independent director)⁵.

Process for Approval of the Statements:

- 18.1. On March 25, 2015, the Committee held a meeting in which the members of the Committee discussed the financial statements of the Company, in the framework of the Committee, the members of the Committee examined the assessments, assumptions and estimates that were made in connection with the financial statements, the internal audits connected with financial reporting, completeness and suitability of disclosure that was provided in the framework of the financial statements, and risk management. The head of finance of the Company provided the members of the Committee with a review of the accounting policy that was adopted and the accounting treatment that was applied in material matters of the Corporation.
- 18.2. At the abovementioned meeting of the Committee, members of the committee participating were Messrs. Roni Kleinfeld (chair of the Committee and external director), Irit Ben Ami (external director) and Mrs. Zvika Yemini (independent director), Mr. Tal Aharon-Levi [*sic*] – CEO Finance, representatives of the auditors and lawyers, also present at the request of members of the Committee – Mr. Avi Nachmias (director) and Mr. Amit Dror (Company CEO and director).
- 18.3. On March 25, 2015, the members of the Committee passed their recommendation to the board of directors of the Company to approve the periodic annual report of the Company for the year 2014, and all its sections, among them the annual financial statements and the Report of

⁴ Mr. Matalon was a member of the Committee until the date of his resignation from the Board of Directors of the Company on January 19, 2015.

⁵ On January 28, 2015, Mr. Yemini was appointed as an independent director of the Company.

the Board of Directors of the Company for 2014.

- 18.4. On March 30, 2015, a meeting of the board of directors of the Company was held, in which the following participated: Messrs. Itschak Shrem (chairman of the board of directors), Eli Yoresh (director), Simon Anthony-Fried (director), Dagi Ben-Noon (director), Roni Kleinfeld (external director), Avi Nachmias (director), Zvika Yemini (independent director), Tal Aharon-Levi CFO, representatives of the auditing accountants (Strauss Lazer office) and lawyers.
- 18.5. During the meeting of the board of directors as mentioned, the Company's financial expenditures were reviewed, its financial situation, the Company cash flow and there was a discussion on the recommendation of the Committee to evaluate the financial statements. Moreover, the Board of directors discussed the recommendations of the Committee that were passed to it in the matter of approval of the financial statements. In the framework of the process for approving the financial statements of the Company by the board of directors, drafts of the financial statements were passed, drafts of the Barnea Report (Chapter A, "Description of the Corporation's Business Activities"), report of the board of directors and drafts of the Annual Financial Statements, for perusal by the members of the board of directors, a number of days prior to the date of the determined date for the meeting to approve the reports. During the meeting of the board of directors, the financial expenditures were reviewed, the monetary situation and the cash flow of the Company and details were presented about Company activities. A discussion took place during which Company management responded to questions from the directors. In the framework of the discussion, the external accountants of the Company were asked about issues connected to the financial statements. After the above discussion, a vote was held to approve the financial statements.
- 18.6. Based on the assessment of the board of directors, the recommendations of the Committee were passed to the board of directors a reasonable time prior to the discussion in the board of directors.
- 18.7. The members of the Committee decided to recommend to the board of directors of the Company to approve the periodic report for the year 2014, which includes *inter alia* the annual financial statements, the "Barnea" chapter ("Description of the Corporation's Business Activities") and the report of the board of directors, and decided to adopt the decisions of the Committee as mentioned, and to approve the Annual Financial Statements and the Report of the board of directors of the Company for 2014.

14 .Effectiveness of the internal auditing on the financial reporting and disclosure

In accordance with the announcement of the Company on March 12, 2014, the Company is a "small corporation" as the term is defined in the amendment to the Securities Regulations (Periodic and Immediate Reports) (Amendment), 5774 – 2014 (the "**Amendment**"), and the board of directors of the Company decided to adopt in full the easements that were approved as mentioned for small corporations in the framework of the amendment, this effective from this Periodic Report for the year

2013, for additional details see the Company report dated March 12, 2014 [reference no. 2014-01-013398] the information included therein is presented by way of reference.

15 **Events following the date of the balance sheet**

See Chapter A, "Description of the Corporation's Business Activities," of this Report above.

Sincerely,

Nano-Dimension Ltd.

Date: **March 30, 2015**

<u>Names of Signatories</u>	<u>Position</u>	<u>Signature</u>
Mr. Itschak Shrem	Chairman – board of directors	_____
Mr. Amit Dror	CEO and Director	_____

Chapter C – Financial Statements as of December 31, 2014

Attached.

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Auditor's Report to the Shareholders in
Nano Dimension Ltd.

We audited the attached consolidated reports on the financial status of Nano Dimension Ltd. (hereinafter – the Company) for December 31, 2014 and 2013 and the consolidated reports on total earnings, and changes to equity capital and cash flow for each of the three years during the period which ended on December 31, 2014. These financial statements are the responsibility of the board of directors and management of the Company. It is our responsibility to render an opinion as to these financial statements based on our audit.

We conducted our audit in accordance with the accepted audit standards in Israel, including standards which were stipulated in the Accountants Regulations (Accountant Methodology), 5733 – 1973. According to these standards, we are required to plan the audit and to carry it out with the purpose of achieving a reasonable level of certainty that there are no substantial erroneous representations in the financial statements. An audit includes a sampling review of evidence supporting the amounts and information appearing in the financial statements. An audit also includes a test of the accounting rules applied and of the significant estimates which were made by the board of directors and the Company's management, as well as an assessment of the appropriateness of the representations in the financial statements in their entirety. We believe that our audit serves as an appropriate basis to render our opinion.

In our opinion, the aforementioned consolidated financial statements reflect, from every substantive standpoint, the condition of the Company and its consolidated company for December 31, 2014 and 2013 and the results of their activities, the changes to their equity capital and cash flow for each of the three years in the period ending on December 31, 2014 in accordance with the International Financial Reporting Standards (IFRS) and the provisions of the Securities Regulations (Yearly Financial Statements), 5770-2010.

Without limiting our aforementioned opinion, we call your attention to Note 1.C. to the financial statements regarding the Company's financial status. In the year which ended on December 31, 2014, the Company incurred a loss of approximately NIS 14,178,000 and a negative cash flow from ongoing operations in the sum of approximately NIS 3,468,000. In the Company's management's estimation, the attempts to raise capital during the course of the reporting period and afterwards did not raise capital in an amount sufficient to permit the Company to execute its business plans during a period of 12 months from the date of the approval of the financial statements. The Company's continued operation is conditioned on the execution of the management's plan to secure additional sources of funds. These factors, together with additional factors detailed in Note 1.C., raise doubts as to the Company's continued existence as a going concern. The financial statements do not include any

Nif Tower, 17 Yitzhak Sadeh St., Tel Aviv 67775



Tel. 03-6237777

Fax. 03-5613824

adjustments regarding values of assets and undertakings and classifications which may be required if the Company is not able to continue and operate as a going concern.

Similarly, we call your attention to what is stated in Note 9.B. to the financial statements regarding a substantive lawsuit filed against the Company.

Additionally, we call your attention to what is stated in Note 1.B. on the financial statements regarding the representation of the comparison numbers in order to retroactively reflect the implementation of accounting treatment of a reverse acquisition.

Strauss Lazar and Co.
Accountants

Tel Aviv, March 30, 2015

Nano Dimension Ltd.
Consolidated Reports on Financial Status

	Note	December 31	
		<u>2014</u>	<u>2013(*)</u>
		<u>Thousand NIS</u>	<u>Thousand NIS</u>
<u>Current Assets</u>			
Cash and cash equivalents	3	806	5
Accounts receivable	4	479	12
		<u>1,285</u>	<u>17</u>
<u>Non-current Assets</u>			
Fixed assets	5	1,135	34
		<u>2,420</u>	<u>51</u>
		=====	=====
<u>Current Undertakings</u>			
Suppliers and service providers		210	--
Accounts payable	6	1,027	94
Loans from controlling shareholders	7	150	145
		<u>1,387</u>	<u>239</u>
		-----	-----
<u>Non-current Undertakings</u>			
Undertakings in respect of government grants	8	370	--
		-----	-----
<u>Equity Capital (Capital Deficit)</u>			
Share capital	10	2,337	103,106
Premium on shares		14,334	--
Treasury shares		(5,260)	(5,260)
Option statements		2,466	--
Capital fund in respect of transactions with the controlling shareholder		1,866	776
Fund in respect of share-based payment transactions		62	--
Other capital funds		--	(97,846)
Loss balance		<u>(15,142)</u>	<u>(964)</u>
		<u>663</u>	<u>(188)</u>
		-----	-----
		--	-
		<u>2,420</u>	<u>51</u>
		=====	=====

(*) Restated as a result of the retroactive implementation of a reverse acquisition – see Note 1.B.

Itschak Shrem
Chairman of the Board of
Directors

Amit Dror
CEO and Director

Tal Aharon Levi
Chief Financial Officer

March 30, 2015
Date of approval of the financial statements

The notes on the financial statements constitute an integral part thereof.

Nano Dimension Ltd.
Consolidated Reports on Total Earnings

	<u>Note</u>	For the Year Ending on December 31		
		<u>2014</u> <u>Thousand NIS</u>	<u>2013(*)</u> <u>Thousand NIS</u>	<u>2012(*)</u> <u>Thousand NIS</u>
Research and development expenses	11.A.	3,339	806	28
Management and general expenses	11.B.	1,426	134	21
Other income		<u>62</u>	<u>40</u>	<u>28</u>
Operational loss		(4,703)	(900)	(21)
Expenses from listing for trade	1.B.	9,358	--	--
Financing income		1	1	--
Financing expenses	11.C.	<u>118</u>	<u>35</u>	<u>9</u>
Loss		(14,178)	(934)	(30)
Other comprehensive profit		<u>--</u>	<u>--</u>	<u>--</u>
Total comprehensive loss		(14,178)	(934)	(30)
Base and diluted loss per share (in NIS)		<u>(1.11)</u>	<u>(0.25)</u>	<u>(0.01)</u>

(*) Restated as a result of the retroactive implementation of a reverse acquisition – see Note 1.B.

The notes to the financial statements constitute an integral part thereof.

Nano Dimension Ltd.
Consolidated Reports on Changes in Equity Capital

	<u>Share Capital</u> <u>Thousand NIS</u>	<u>Premium</u> <u>on Shares</u> <u>Thousand NIS</u>	<u>Treasury</u> <u>Shares</u> <u>Thousand NIS</u>	<u>Option</u> <u>Statements</u> <u>Thousand NIS</u>	<u>Capital Fund in</u> <u>respect of</u> <u>Transactions</u> <u>with a</u> <u>Controlling</u> <u>Shareholder</u> <u>Thousand NIS</u>	<u>Fund in</u> <u>Respect of</u> <u>Share Based</u> <u>Payment</u> <u>Transactions</u> <u>Thousand NIS</u>	<u>Other Capital</u> <u>Funds</u> <u>Thousand NIS</u>	<u>Loss Balance</u> <u>Thousand NIS</u>	<u>Total Equity</u> <u>Capital</u> <u>(Capital</u> <u>Deficit)</u> <u>Thousand NIS</u>
For the year which ended on <u>December 31, 2014</u>									
Balance on January 1, 2014	103,106	--	(5,260)	--	776	--	(97,846)	(964)	(188)
Allocation of shares to the previous controlling shareholder	1,853	--	--	--	--	--	(1,853)	--	--
Capital benefit from transactions with the controlling shareholder	--	--	--	--	1,090	--	--	--	1,090
Consolidation of capital	(103,909)	103,909	--	--	--	--	--	--	--
Effect of public company skeleton acquisition transaction	693	(93,713)	--	2,466	--	--	99,699	--	9,145
Issuing of share capital	594	4,138	--	--	--	--	--	--	4,732
Share-based payment	--	--	--	--	--	62	--	--	62
Loss	--	--	--	--	--	--	--	(14,178)	(14,178)
Balance on December 31, 2014	2,337	14,334	(5,260)	2,466	1,866	62	--	(15,142)	663
	=====	=====	=====	=====	=====	=====	=====	=====	=====

The notes on the financial statements constitute an integral part thereof.

Nano Dimension Ltd.
Consolidated Reports on Changes in Equity Capital

	<u>Share Capital</u> <u>Thousand NIS</u>	<u>Treasury</u> <u>Shares</u> <u>Thousand NIS</u>	<u>Capital Fund in respect of</u> <u>Transactions with a Controlling</u> <u>Shareholder</u> <u>Thousand NIS</u>	<u>Other Capital</u> <u>Funds</u> <u>Thousand NIS</u>	<u>Loss Balance</u> <u>Thousand NIS</u>	<u>Total Capital</u> <u>Deficit</u> <u>Thousand NIS</u>
For the year which ended on <u>December 31, 2013</u> (*)						
Balance on January 1, 2013	103,106	(5,260)	23	(97,846)	(30)	(7)
Capital benefit from transactions with controlling shareholders	--	--	753	--	--	753
Loss	--	--	--	--	(934)	(934)
Balance on December 31, 2013	103,106	(5,260)	776	(97,846)	(964)	(188)
	=====	=====	=====	=====	=====	=====
For the year which ended on <u>December 31, 2012</u> (*)						
Balance on January 1, 2012	103,106	(5,260)	--	(97,846)	--	--
Capital benefit from transactions with controlling shareholders	--	--	23	--	--	23
Loss	--	--	--	--	(30)	(30)
Balance on December 31, 2012	103,106	(5,260)	23	(97,846)	(30)	(7)
	=====	=====	=====	=====	=====	=====

(*) Restated as a result of the retroactive implementation of a reverse acquisition – see Note 1.B.

The notes on the financial statements constitute an integral part thereof.

Nano Dimension Ltd.
Consolidated Reports on Cash Flow

	For the Year Ending on December 31		
	<u>2014</u>	<u>2013(*)</u>	<u>2012(*)</u>
	<u>Thousand NIS</u>	<u>Thousand NIS</u>	<u>Thousand NIS</u>
<u>Cash flow from ongoing operations</u>			
Loss	(14,178)	(934)	(30)
Adjustments required to present cash flow from <u>ongoing operations</u> :			
Adjustments to profit or loss sections:			
Depreciation	30	5	--
Amounts credited as expenses from listing for trade	9,193	--	--
Revaluation of controlling shareholder loans	36	32	6
Crediting of government grants to research and development expenses	(188)	--	--
Revaluation of undertakings in respect of government grants	42	--	--
Controlling shareholder wages and accompanying expenses	1,051	715	--
Share-based payment	62	--	--
	<u>10,226</u>	<u>752</u>	<u>6</u>
Changes in assets and undertakings sections:			
Increase in accounts payable	(429)	(5)	(7)
Increase in accounts receivable	703	71	23
Increase in suppliers and service providers	210	--	--
	<u>484</u>	<u>66</u>	<u>16</u>
Net cash used for ongoing operations	<u>(3,468)</u>	<u>(116)</u>	<u>(8)</u>
<u>Cash flow from investment activities</u>			
Decrease (increase) in pledged deposits	--	36	(36)
Acquisition of fixed property	(1,131)	(30)	(9)
Net cash stemming from investment activities (which were used for investment activities)	<u>(1,131)</u>	<u>6</u>	<u>(45)</u>
<u>Cash flow from financing activities</u>			
Effect of public company skeleton acquisition transaction (Appendix A)	79	--	--
Issuing of share capital	4,732	--	--
Receipt of short-term loans	65	--	--
Receipt of government grants	516	--	--
Receipt of controlling shareholder loans, net	8	65	103
Net cash stemming from financing activities	<u>5,400</u>	<u>65</u>	<u>103</u>
Increase (decrease) in cash and cash equivalents	<u>801</u>	<u>(45)</u>	<u>50</u>
Balance of cash and cash equivalents at start of year	<u>5</u>	<u>50</u>	<u>--</u>
Balance of cash and cash equivalents at end of year	<u>806</u>	<u>5</u>	<u>50</u>
	=====	=====	=====
	=	=	=

(*) Restated as a result of the retroactive implementation of a reverse acquisition – see Note 1.B.
The notes on the financial statements constitute an integral part thereof.

Nano Dimension Ltd.
Consolidated Reports on Cash Flow (Continued)

Appendix A - Effect of Public Company Skeleton Acquisition Transaction

	For the Year Ending on December 31		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<u>Thousand NIS</u>	<u>Thousand NIS</u>	<u>Thousand NIS</u>
<u>Cash flow from ongoing operations</u>			
Deficit in working capital (other than cash)	127	--	--
Effect of the transaction on equity capital	9,145	--	--
Expenses from listing for trade	(9,193)	--	--
	79	--	--
	=====	=====	=====

Nano Dimension Ltd.

Notes on the Financial Statements

Note 1 – General

A. General description of the Company and its activities

Nano Dimension Ltd. (hereinafter – the Company) was established in Israel in 1960 and its shares are traded on the Tel Aviv Stock Exchange since 1977. On March 7, 2014, the Company distributed the shares in B.G.I. Investments (1961) Ltd. which it held to its shareholders (dividend in-kind), such that after said distribution, the Company turned into a “public company skeleton”. As of the date of the completion of the merger (see subsection B, *infra*), the Company engages, by means of the subsidiary Nano Dimension Technologies Ltd. (hereinafter – Nano–Technologies), in research and development of a three-dimensional printer (3-D), which prints electronic circuits (PCB cards) and development of nanotechnology based conductive ink, which are products which are necessary, supplementary, and tangential (accessorial) to the 3-D printer and printing of conductors in general.

On October 29, 2014, the Companies Registrar approved the change in the Company’s name from Z.B.I. Ltd to its current name, Nano Dimension Ltd.

- B. On August 25, 2014, the merger between the Company and Nano–Technologies was completed, in the framework of which shareholders in Nano–Technologies were issued approximately 37.38% of the Company’s shares (without dilution) and ownership of the shares in Nano–Technologies was transferred in full to the Company (see Note 9.A.(2)).

Notwithstanding the fact that as aforesaid, from a legal standpoint of the Company is the purchaser of the shares, whereas the controlling shareholders in Nano–Technologies became, after the completion of the merger, the controlling shareholders in the Company and are able to determine the financial and operational policy of the Company and because of the fact that on the date of the issuing of the shares to the shareholders of Nano–Technologies, the Company was a “public company skeleton” without significant business activities, then this was not a purchase of a “business” as defined in IFRS3, and the transaction was handled as a reverse acquisition in the financial statements.

In light of the aforesaid, these financial statements were produced under the Company’s name, but handled from an accounting standpoint as a continuation of the financial statements of Nano–Technologies, which is the purchaser for accounting purposes in the transaction. Therefore, the comparison numbers which are presented in these financial statements were re-presented and reflect Nano–Technologies’ financial status and the results of its activities, other than comparative information regarding share capital, shares in the treasury, and loss per share which are presented in accordance with the provisions of IFRS3.

In accordance with the reverse acquisition method, the assets and undertakings of Nano–Technologies (the purchaser for accounting purposes) were recognized in the financial statements in accordance with their ledger value on the date of the completion of the transaction. The consideration for the purchase in the sum of approximately NIS 9,145,000 was determined in accordance with the value of the Company’s shares and credited to equity capital. The net consideration in excess of the ledger value of the assets of the Company, in the sum of approximately NIS 9,193,000, was credited to profit and loss in the section for expenses from listing for trade.

C. The Company’s financial state

In the year which ended on December 31, 2014, the Company incurred a loss in the sum of approximately NIS 14,178,000 and a negative cash flow from ongoing operations in the sum of approximately NIS 3,468,000. In the estimation of the Company’s management, the raising of capital in the sum of 1.5 million dollars which was done during the reporting period in the framework of private allocations executed by the Company as part of the merger with Nano–Technologies (see Note 9.A.(2)), and additional rounds of raising capital and the total sum of approximately NIS 8.6 million which the Company conducted after the reporting date (see Notes 17.B. and 17.D.), are not sufficient in scope to allow the Company to execute its business plans during a period of 12 months from the date of the approval of the financial statements, including continuation of the research and development procedures in which the Company engages and the commencement of manufacture and marketing of the products developed by it.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 1 – General (Continued)

Additionally, whereas on the date of the approval of the financial statements the Company is in the research and development stage, the Company's management estimates that the Company is expected to incur losses from these activities during the upcoming period, which will be expressed in a negative cash flow from ongoing operations, and it is acting to secure sources for the necessary funds for the purpose of strengthening its financial stability by means of additional rounds of raising capital and/or by means of shareholder loans.

These factors raise significant doubts regarding the Company's continued existence as a going concern. No adjustments were included in the financial statements regarding values of assets and undertakings and their classifications, which may be required if the Company is not able to continue operating as a going concern.

- D. The Company did not attach separate financial information to its financial statements for December 31, 2014 in accordance with the provisions of Regulation 9C in the Securities Regulations (Periodic and Immediate Reports), 5730-1970. The reason the Company did not include separate financial information is in light of the fact that the separate financial information does not add substantive information for the reasonable investor, which is not already included in the Company's consolidated financial statements. The Company is a holding company which does not have any business activities other than its holdings in its subsidiary, Nano-Technologies.

E. Definitions

In these financial statements –

The Company – Nano Dimension Ltd.

The Group – The Company and the company which it holds.

The Consolidated Company – The company that the Company controls and whose statements are fully consolidated with the Company's statements.

Related Parties – As defined in IAS24.

Interested Parties and Controlling Shareholders – As defined in the Securities Regulations (Yearly Financial Statements), 5770-2010.

Note 2 – Main points of the accounting policy

The principal points of the accounting policy which was applied in the preparation of the financial statements in a consistent manner are as follows:

A. Basis for presentation of the financial statements

The financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter – the IFRS Regulations). Similarly, the financial statements are prepared in accordance with the Securities Regulations (Yearly Financial Statements), 5770-2010.

The Company's financial statements are prepared on a cost basis.

The Company chose to present particulars of profit or loss according to the activity characterization method.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 2 – Basis for presentation of the financial statements (Continued)

B. Principal points of the considerations, estimates, and assumptions in the preparation of the financial statements

In the process of applying the principles of the accounting policy to the financial statements, the Group exercised its judgment in weighing the considerations which have a substantive effect on the amounts which were recognized in the financial statements.

Principal estimates and assumptions

At the time of the preparation of the financial statements, the management is required to be assisted by estimates, evaluations, and assumptions which affect the application of the accounting policy and the amounts reported for assets, undertakings, income, and expenses. The estimates and assumptions at their bases are continually reviewed. The changes to the accounting estimates are credited in the period in which the change to the estimate is made.

- Loans from controlling shareholders

The Group received loans from controlling shareholders which are not linked to an index and do not bear interest. The Group handled these transactions as bearing a capital benefit. The difference between the fair value of the loans which were received from the controlling shareholders and their nominal value was credited to the equity capital. For the purpose of determining fair value, the Group was required to estimate market conditions on the date of the transaction, including the fair value of the loans had they been received from third parties who are not related to the Group. Whereas no repayment date was determined for the loans, their fair value is determined every year according to the current value of the cash flow expected in respect thereof, capitalized according to the Group's interest rate. The capitalization rate was determined based on the capitalization rate used in the valuation made for Nano-Technologies by an external independent appraiser.

- Receipt of services without consideration from controlling shareholders

The Group received services from the controlling shareholders without consideration. The Group handled these transactions as bearing a capital benefit and therefore was required to estimate the value of the services received from the controlling shareholders had they been received from third parties who are not related to the Group. The fair value of the services received from the controlling shareholders was evaluated based on the salary which they sought to approve in the framework of the merger with Nano-Technologies. The value of the services received, as evaluated by the Group, were listed as wages and accompanying expenses in earnings and loss against a parallel listing in equity capital.

- Scientist grants

Governmental grants received from the Chief Scientist in the Ministry of Industry, Trade, and Occupation are recognized as an undertaking if financial benefits are expected as a result of the research and development activities which will result in sales which will result in royalties to the State. Calculation of the undertaking involves an estimation of future expected cash flow to clear it and determination of the capitalization rate.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 2 – Basis for presentation of the financial statements (Continued)

- Share-based payment

The fair value of share-based payment transactions is determined by means of an accepted options pricing model. The model is based on share price and execution price data and on assumptions regarding expected volatility, expected lifespan, expected dividend, and a no risk interest rate.

- Lawsuits

In evaluation of the chances of success of the lawsuits filed against the Company and its held companies, the companies relied on the opinions of their legal advisors. These evaluations by the legal advisors are based on best professional judgment, taking into consideration the stage in which proceedings stand, as well as cumulative legal experience in the various topics. Whereas the results of the lawsuits shall be determined by the courts, these results may differ from these evaluations.

C. Consolidation of the financial statements

The consolidated financial statements include the statements for companies which the Company controls. Control exists when the Company has leverage over the invested entity, exposure or rights to varying yields as a result of its involvement in the invested entity, as well as the ability to use its power (leverage) in order to influence the amount of the yields which will stem from the invested entity. In examining control, the effect of potential voting rights is taken into consideration only if it is actual. Consolidation of the financial statements occurs as of the date of securing control and until the date on which control is terminated.

Substantive balances and mutual transactions between the companies in the Group were completely annulled in the consolidated financial statements.

The dates of the companies' consolidated financial statements are identical to the date of the Company's financial statements. The accounting policy in the companies' consolidated financial statements was applied uniformly and consistently with that which was applied to the Company's financial statements.

D. Operational currency and foreign currency

(1) Operational currency and presentation currency

The financial statements are presented in Shekels, the Company's operational currency, which is the currency which best reflects the financial environment in which the Company and its transactions operate.

(2) Foreign currency transactions

Transactions denominated in foreign currency (currency other than the shekel) are listed with an initial recognition according to the exchange rate on the date of the transaction. After the initial recognition, financial assets and undertakings denominated in foreign currency are translated on every reporting date into the operational currency according to the exchange rate on this date. Exchange rate differences are credited to earnings and loss. Nonfinancial assets and undertakings denominated in foreign currency and presented according to cost are translated into the operational currency according to the exchange rate on the date of the transaction. Nonfinancial assets and undertakings denominated in foreign currency and presented according to fair value are translated into the operational currency according to the exchange rate on the date on which fair value is determined.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 2 – Basis for presentation of the financial statements (Continued)

(3) Index linked financial items

Financial assets and undertakings which according to their terms are linked to changes in the Consumer Price Index in Israel (hereinafter – the Index) are adjusted according to the relevant Index on every reporting date in accordance with the terms of the agreement. Linkage differentials stemming from said adjustment are credited to earnings and loss.

(4) Below are details regarding the Index and the exchange rate for the US dollar (hereinafter – Dollar):

	<u>Consumer Price Index</u>	<u>Dollar</u>
December 31, 2014	102.1	3.889
December 31, 2013	102.3	3.471
Change in percentages:		
Year which ended on December 31, 2014	(0.2)	12.0
Year which ended on December 31, 2013	1.8	(7.0)
Year which ended on December 31, 2012	1.6	(2.3)

E. Cash and cash equivalents

Cash and cash equivalents include investments with high liquidity including short-term deposits with banking corporations whose original period does not exceed three months from the date of the investment and which are not restricted by a pledge.

F. Financial instruments

(1) Financial assets

A. Loans and receivables

Loans and receivables are financial assets (which are not derivatives) with fixed payments or which may be fixed which are not traded in an active market. Loans and receivables are initially recognized according to fair value plus directly attributed transaction costs. After initial recognition, loans and receivables are measured according to amortized cost while using the effective interest method, deducting allocations for depreciation. Short-term credit (such as customer credit and other receivables) is presented according to its terms, generally at its nominal value. Earnings and losses are credited to earnings and loss when the loans and receivables are detracted or if depreciation in respect thereof is recognized, as well as - as a result of systematic depreciation.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 2 – Basis for presentation of the financial statements (Continued)

If there is objective evidence that there is a loss from a decrease in value in respect of loans and receivables which are presented at their depreciated cost, the amount of the loss credited to earnings and loss is measured as the difference between the asset's ledger value and the current value of the expected cash flow, where they are capitalized according to the asset's original effective interest rate. The asset's ledger value is diminished by means of listing and allocation. In concurrent periods, the loss from decrease in value is cancelled when it is possible to objectively attribute the return in the asset's value to an event which occurred after the recognition of the loss. Such an element is credited to profit and loss up to the amount of the loss recognized.

B. Decreasing of financial assets

A financial asset is decreased when the contractual rights to receive cash flow from the financial asset expire or when the Group actually transfers all of the risks and benefits related to the asset to a third party.

(2) Financial undertakings

A. Interest-bearing loans and credit

Interest-bearing loans and credit are initially recognized according to fair value less directly attributed transaction costs. After the initial recognition, interest-bearing loans and credit are measured according to decreased cost while using the effective interest method.

B. Decreasing of financial undertakings

A financial undertaking is decreased when it is cleared, meaning the undertaking is repaid, annulled, or expires.

G. Fixed assets

Fixed asset items are presented according to cost, including directly attributed acquisition costs, less depreciation which occurred and losses from accrued decrease in value. Improvements and upgrades are credited to the assets' costs whereas maintenance and repair costs are credited to earnings and loss upon coming into being.

The depreciation is calculated in equal yearly rates during the period of the useful life of the assets, as follows:

	<u>%</u>
Development equipment	7
Computers	33
Furnishings and equipment	7 - 15
Improvements to the leasehold	Over the course of the period of the rental agreement (including the option period).

Nano Dimension Ltd.

Notes on the Financial Statements

Note 2 – Basis for presentation of the financial statements (Continued)

Depreciation of the assets is terminated on the earlier between the date on which the asset is classified as held for sale and the date on which the asset is removed. An asset is removed from the books on the date of sale or when financial benefits are no longer expected from the use of the asset. Earnings and loss from the removal of the asset are calculated according to the difference between payments from the sale of the asset and its ledger value on the date of removal and credited to earnings and loss.

H. Decrease in value of non-financial assets

The Group is examining the need for decrease in value of nonfinancial assets when events or changes in circumstances indicate the fact that the ledger value is not recoupable. In cases in which the ledger value of the nonfinancial assets exceeds their recoupable value, the assets are depreciated to their recoupable amount. A recoupable amount is the higher between fair value less cost of sale of the asset, and its usage value which is determined according to the current value of the estimate of the cash flow expected to stem from the use of the asset and its realization at the end of its life. Losses from decrease in value are credited to earnings and loss. Loss from decrease in value which is recognized will be voided only if changes occurred in the estimates which served in the determination of the recoupable amount of the asset on the date of the recognition of the loss from decrease in value.

I. Allocations

Allocations in accordance with IAS37 are recognized when the Group has a current obligation (legal or implied) as a result of an event which occurred in the past, it is expected that use of financial resources will be required in order to clear the obligation, and it can be reliably estimated.

J. Treasury shares

Shares in the Company which are held by the Company are measured according to cost and are presented with an offset from the Company's equity capital. Earnings or losses in respect of acquisition, sale, issuance, or boarding of treasury shares are credited directly to equity capital.

K. Recognition of income

Income is recognized in earnings and loss when it may be reliably measured, it is expected that the financial benefits relate to a transaction will flow to the Company, and the costs in respect of the transaction may be reliably measured. The income is measured according to the fair value of the consideration in the transaction.

Income from provision of services is recognized in the reporting period in which the services were provided.

L. Research and development

Research expenses are credited to earnings and loss upon coming into being.

An intangible asset stemming from a development project or independent development is recognized as an asset if it is possible to prove: the technological feasibility of completion of the intangible asset such that it will be available for use or sale; the Group's intention to complete the intangible asset and use it or sell it; the ability to use the intangible asset or sell it; the manner in which the intangible asset will create future financial benefits; the existence of the required resources: technical, financial, and others, the time to completion of the intangible asset, and the ability to reliably measure the expenses in respect thereof during the course of its development. As of the reporting date, the conditions for the recognition of an intangible asset from independent development of the Group have not yet been met, and therefore development expenses are credited to earnings and loss upon coming into being.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 2 – Basis for presentation of the financial statements (Continued)

M. Governmental grants

Governmental grants are recognized when there is reasonable security that the grants will be received and the Company will meet all of the terms for receipt of the grant.

Governmental grants received from the Chief Scientist of Israel are recognized as of the date of their receipt as a liability if there is reasonable certainty that as a result of the research activities, sales will be generated that entitle the State to royalties.

The liability is initially recognized based on the fair value while discounting based on the market interest. The difference between the grant amount received and the fair value of the liability is handled as a governmental grant, and is offset from the research and development expenses. After initial recognition, the liability is measured at the reduced cost while using the effective interest method. Amounts paid as royalties are recognized as settlement of the liability. When no financial benefits are expected as stated from the research activity, the grant receipts are recognized as a decrease in research and development expenses. In such a case, the liability for payment of royalties is treated as a contingent liability in accordance with IAS37.

On each reporting date, the Company examines whether there is reasonable security that the liability recognized, in whole or in part, will not be settled (since the Company is not required to pay royalties), based on the best estimate of future sales while using the original effective interest rate, and if so, the appropriate liability is reduced against a decrease in research and development expenses.

N. Share-based payment transactions

Employees and other services providers of the Company are entitled to benefits by way of share-based payment settled with capital instruments. The cost of transactions with employees settled with capital instruments is measured based on the fair value of the capital instruments on the granting date. The fair value is determined using the accepted options pricing model. Regarding other service providers, the cost of transactions is measured based on the fair value of the merchandise or services received, unless the fair value thereof cannot be reliably measured (in which case the transaction cost is also measured based on the fair value of the capital instruments provided).

The cost of the transactions settled with capital instruments is recognized in profit or loss together with a corresponding increase in the equity over the period in which the performance and/or service takes place, and ending on the date on which the relevant employees are entitled to the benefits (hereinafter: the Vesting Period). The aggregate expense recognized for transactions settled with capital instruments at the end of each reporting date and until the vesting period reflects the degree to which the vesting period has expired and the best estimate of the group regarding the number of capital instruments that have ultimately vested. The expense or income in profit or loss reflects the change of the aggregate expense recognized as of the beginning and end of the reported period.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 2 – Basis for presentation of the financial statements (Continued)

O. Loss per share

The basic loss per share is calculated by distributing the loss attributed to the Company's shareholders by the weighted average of the number of shares that actually exist during the period (less treasury shares), while retroactively adjusting due to bonus shares, consolidate or splitting of shares.

In calculating the diluted loss per share, the basic loss per share is adjusted for the impact of potential ordinary shares (convertible securities such as stock options) as long as their impact is diluted (reduce the profit per share or increase the loss per share). Potential ordinary shares that are converted to shares during the period are included in the calculation of the weighted loss per share only if by the conversion date and as of the same date the basic loss per share is included in the calculation.

P. The operating cycle

The operating cycle period of the Company is 12 months.

Q. Measuring fair value

Fair value is the price that would be received in the sale of an asset or the price that would be paid to transfer a liability in an ordinary transaction between market participants on the measurement date. Measuring fair value is based on the assumption that the transaction is occurring in the primary market of the asset or liability, or in the absence of a primary market, the most advantageous market. The fair value of an asset or liability is measured while using assumptions that participants in the market will use when pricing the asset or liability, assuming that the participants in the market are acting in favor of their economic interests.

The Group uses estimation techniques that are suitable to the circumstances and for which there is suitable data that may be obtained in order to measure fair value, while maximizing the use of relevant data that can be observed and minimizing use of data that is unforeseeable.

R. Disclosure of impact of new IFRS standards in period before application

(1) IFRS9 – financial instruments

In July 2014, the full and final version of IFRS9 – Financial Instruments was published, which replaces IAS39 – Financial Instruments: Recognition and Measurement. IFRS9 focuses primarily on the classification and measurement of financial assets and applies to all of the financial assets to which IAS39 applied.

The standard sets forth that upon initial recognition, all of the financial assets will be measured at fair value. During the subsequent periods, debt instruments should be measured at a reduced cost only if the following two conditions are met:

- The asset is held in the framework of a business model that is intended to hold assets in order to collect the contractual cash flows arising therefrom.
- According to the contractual terms of the financial asset, the Company is entitled, on certain dates, to receive cash flows constituting solely payments of principal and interest on the balance of the principal.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 2 – Basis for presentation of the financial statements (Continued)

Subsequent measurement of all other debt instruments and other financial assets will be based on fair value. The standard sets forth a distinction between debt instruments that will be measured at fair value through profit or loss and debt instruments that will be measured at fair value through other comprehensive profit.

Financial assets that are capital instruments will be measured during subsequent periods at fair value, and the differences will be credited to profit and loss or other comprehensive profit (loss), as selected by the Company for each instrument. With respect to capital instruments held for commercial purposes, the same must be measured based on fair value through profit or loss.

The standard presents a new model for impairment of financial assets, based on expected credit losses. This model replaces the model existing in IAS39 based on losses that have occurred.

Regarding classification and measurement of financial liabilities, no changes have occurred excluding recognition of a change as liabilities designated at fair value through profit or loss, arising for independent credit risk of the entity to other comprehensive profit.

The standard includes new requirements regarding hedge accounting.

The standard is applied as of the annual periods commencing January 1, 2018. Early adoption is possible. The Company is considering the potential impact of the standard, but is unable at this stage to estimate its impact, if at all, on the financial statements.

(2) IFRS15 – Recognition of income from contracts with customers

In May 2014, IFRS15 – recognition of income from contracts with customers was published. The standard will replace, upon its initial application, the provisions regarding recognition of currently existing income in the international financial reporting standards.

The standard introduces a five-stage model that will apply to income arising from contracts with customers:

Stage 1 – Identification of the contract with the customer, including reference to a group of contracts and handling changes.

Stage 2 – Identification of performance commitments in the contract.

Stage 3 – Determination of the transaction price, including reference to variable consideration, the significant financing component, the non-cash consideration and consideration paid to the customer.

Stage 4 – Allocation of a transaction price for various performance commitments in the contract.

Stage 5 – Recognition of income upon meeting performance commitments, while distinguishing between fulfilling obligations on a given date and fulfilling obligations over time.

The standard is retroactively applied as of the financial statements for annual periods beginning on January 1, 2017 or thereafter. Early adoption is possible. The standard allows the selection of partial retroactively application with certain leniencies, whereby the standard is applied to existing contracts as of the first application period and thereafter, and will not require restatement of comparison numbers as long as comparative disclosures set forth in the standard are included.

The Company is considering the potential impact of the standard but is unable at this stage to estimate its impact, if at all, on the financial statements.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 3 – Cash and cash equivalents

<u>Composition:</u>	<u>December 31</u>	
	<u>2014</u>	<u>2013</u>
	<u>Thousand NIS</u>	<u>Thousand NIS</u>
Checking accounts	726	5
Deposits in banking corporations	80	---
	<u>806</u>	<u>5</u>
	=====	=====

As of December 31, 2014, the above includes a balance of about NIS 259,000, held by the Company.

Note 4 – Accounts receivable

<u>Composition:</u>	<u>December 31</u>	
	<u>2014</u>	<u>2013</u>
	<u>Thousand NIS</u>	<u>Thousand NIS</u>
Institutions	428	11
Others	51	1
	<u>479</u>	<u>12</u>
	=====	=====

Note 5 – Fixed assets

<u>Composition:</u>	<u>Development equipment</u>	<u>Computers</u>	<u>Furniture and equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	<u>Thousand NIS</u>	<u>Thousand NIS</u>	<u>Thousand NIS</u>	<u>Thousand NIS</u>	<u>Thousand NIS</u>
<u>Cost</u>					
As of January 1, 2013	5	--	2	2	9
Additions	2	6	22	--	30
As of December 31, 2013	<u>7</u>	<u>6</u>	<u>24</u>	<u>2</u>	<u>39</u>
Additions	1,005	81	13	32	1,131
As of December 31, 2014	<u>1,012</u>	<u>87</u>	<u>37</u>	<u>34</u>	<u>1,170</u>
	-----	-----	-----	-----	-----
<u>Depreciation accrued</u>					
As of January 1, 2013	--	--	--	--	--
Additions	1	1	2	1	5
As of December 31, 2013	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>5</u>
Additions	17	7	4	2	30
As of December 31, 2014	<u>18</u>	<u>8</u>	<u>6</u>	<u>3</u>	<u>35</u>
	-----	-----	-----	-----	-----
<u>Reduced cost</u>					
As of December 31, 2014	994	79	31	31	1,135
	=====	=====	=====	=====	=====
As of December 31, 2013	6	5	22	1	34
	=====	=====	=====	=====	=====

Nano Dimension Ltd.

Notes on the Financial Statements

Note 6 – Accounts payable

<u>Composition:</u>	<u>December 31</u>	
	<u>2014</u>	<u>2013</u>
	<u>Thousand NIS</u>	<u>Thousand NIS</u>
Expenses payable	532	85
Employees and employee liabilities	223	--
Institutions	105	--
Advance for government grants (*)	127	--
Others	40	9
	<u>1,027</u>	<u>94</u>

=====

(*) See Note 8.

Note 7 – Loans from controlling shareholders

<u>Composition:</u>	<u>December 31</u>	
	<u>2014</u>	<u>2013</u>
	<u>Thousand NIS</u>	<u>Thousand NIS</u>
Original amount	175	168
Discount	(25)	(23)
	<u>150</u>	<u>145</u>

=====

The loans, received by some of the Company's controlling shareholders (the loans as stated have precedence over the share of the Company's shareholders in the equity of the Company) are not index-linked, do not bear interest and the payment date with respect to them has not yet been set. The loans are presented at their current values, calculated each year, based on an effective interest rate of 30%. The estimate of the effective interest rate was taken from the valuation of Nano Technologies from August 2014, while the Company's management relied on the aforesaid estimate in the preparation of its financial statements, since it estimated that no material changes occurred to the Company's value between the same periods.

On July 30, 2014, the board of directors of the subsidiary, Nano Technologies, passed a resolution whereby subject to the completion of the merger transaction with the Company (for the purpose of the completion of the merger transaction – see Note 9.a(2)), the controlling shareholders as stated are entitled to repayment of the shareholder loans subject to the completion of the following two terms: minimum raising of about USD 3 million (including capital raising that constituted a condition for the merger in the amount of USD 1.5 million) and cash and cash equivalent balances of the Company after payment of the shareholder loans will not be less than USD 0.5 million.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 8 – Liability for governmental grants

	<u>2014</u> <u>Thousand NIS</u>	<u>2013</u> <u>Thousand NIS</u>
Balance as of January 1	--	--
Amounts received during the year	643	--
Amounts not yet recognized as a grant (advanced)	(127)	--
Amounts recognized when offset from research and development expenses	(188)	--
Revaluation of liabilities	42	--
Balance as of December 31	<u>370</u>	<u>--</u>
	=====	=====

On September 30, 2014, Nano-Technologies received a notice from the Chief Scientist in the Ministry of Economy (the Administration for Industrial Research and Development) (hereinafter – the Scientist), whereby a budget to finance a development project of three-dimensional printers that it develops was approved, in a scope of up to NIS 3.7 million, while the Scientist's share of financing the aforesaid amount would be up to 50%. In consideration, Nano-Technologies undertook to pay the Scientist royalties in the rate of 3% of the future sales that result of the research and development financed by the Scientist up to the amount of the grants received.

During the reporting period, the Group received grants from the Scientist in a total amount of about NIS 643,000, of which grants were recognized in a total amount of about NIS 516,000, for which the Group was entitled to receive the grant (hereinafter – the Recognized Grant). On the date on which the grants were received, the Group recognized liabilities in a total of about NIS 328,000 vis-à-vis the Scientist, which was calculated based on estimations of the Group's management regarding the royalties that are expected to be paid to the Scientist from the future expected sales, while using a discount rate of 30%, which was taken from a valuation performed for Nano-Technologies in August 2014. The difference between the Recognized Grant and the value of the liability on the initial recognition date amounted to about NIS 188,000 and was credited to profit and loss as a decrease in research and development expenses.

The remaining amounts received from the Scientist, in the amount of about NIS 127,000, which has not yet been recognized as a grant, was presented in the statement of financial position as an advance for governmental grants in the provision of accounts payable.

Note 9 – Engagements and contingent liabilities

a. Engagements

- (1) On February 6, 2014, the Company performed an immaterial private placement in accordance with the Securities Regulations (Private Placement of Securities in a Registered Company), 5760-2000 of 1,852,508 ordinary shares par value NIS 1 of the Company (which constituted about 3.3% of the Company's issued and paid up capital and the voting rights therein at the time) to Israel 18 B.V. (hereinafter – Israel 18), which was the controlling shareholder of the Company at the time, against full payment of the shareholder loans provided thereto by Israel 18.

Nano Dimension Ltd.
Notes on the Financial Statements

Note 9 – Engagements and contingent liabilities (Continued)

- (2) On May 18, 2014, the Company engaged with Nano-Technologies and its shareholders in a contingent agreement for a private placement, whereby upon the fulfillment of the contingent precedents required, *inter alia* the completion of raising capital in a total amount of USD 1,500,000 that will be raised from investors against the allocation of shares (hereinafter – Capital Raising) and the receipt of confirmation from the relevant institutions of the Company to the allocation agreement and the transaction, and after the completion of the transaction, the Company will hold all of the issued and paid up capital of Nano-Technologies, and the shareholders of Nano-Technologies (hereinafter – the Offerees) will be interested parties in the Company and appointed by directors on their behalf (hereinafter – the Transaction or the Merger Transaction).

On the date of the completion of the transaction, and subject to the completion of the Capital Raising as stated, and subject to the fulfillment of the conditions precedent set forth in the agreement, the Offerees will transfer to the Company all of their holdings in the shares of Nano-Technologies constituting all of the issued and paid up capital, in consideration the Company will allocate to Offerees 6,931,303 ordinary shares par value NIS 0.1 each of the Company (after consolidation of capital at a ratio of 10 to 1) which will constitute, after their allocation, and after the allocation of the Capital Raising shares, holdings at a rate of about 37.38% of the issued and paid up share capital of the Company (undiluted) and 4,322,329 stock options that are exercisable into 4,322,329 ordinary shares par value NIS 0.1 each of the Company, provided that the merged company meets the milestones set forth in the Agreement.

As part of the Company's engagement in the Merger Transaction, the Company engaged on July 3, 2014 in a private allocation agreement with a third party (hereinafter – the Investor), whereby in consideration for a total of about NIS 2,569,000, the Company will allocate to the Investor 2,967,938 ordinary shares par value NIS 0.1 of the Company (after consolidation of capital), which will constitute, after the allocation thereof and after the allocation of shares to the Offerees about 16% of the issued and paid up capital of the Company, and the voting rights therein (undiluted). In the framework of the Agreement, the Investor was given the right to appoint a director on its behalf to the Company's board of directors and the right to join a private allocation to the current interested parties of the Company, in the event that the Company seeks to raise additional cash capital.

In addition, the Company engaged in agreements with additional investors whereby in consideration for a total of about NIS 1,378,000, the Company will allocate to investors 1,592,143 ordinary shares par value NIS 0.1 that will constitute, after their allocation, about 8.6% of the issued and paid up capital of the Company (undiluted) and it was determined that in the framework of raising the capital, the Company will allocate to interested parties therein 1,375,794 ordinary shares par value NIS 0.1 which will constitute, after their allocation, about 7.4% of the issued and paid up capital of the Company (undiluted) in consideration for a total of about NIS 1,191,000.

On August 17, 2014, the general meeting of the Company approved the Merger Transaction, including the allocation of shares and stock options to Offerees and the allocation of shares to the Company's Investors and interested parties. On August 25, 2014, the Merger Transaction, including the Capital Raising as stated was completed, and therefore, as of this date, the Company holds all of the issued and paid up capital of Nano-Technologies.

- (3) On September 15, 2014, Nano-Technologies engaged in a licensing agreement with "Yisum" – Research Development Company of Hebrew University Ltd. (hereinafter – Yisum), whereby Nano-Technologies would be granted an exclusive right to use the patents owned by Yisum, which will enable Nano-Technologies to manufacture nano-conductive ink for printing electronic circuits with a unique method. In consideration for the exclusive usage right as stated, Nano-Technologies will pay Yisum royalties in a scope of about 3% of the total sales of the conductive ink (which are generated for Nano-Technologies after the conclusion of the development process and the beginning of the actual production and sale). In addition, Nano-Technologies will share in the current costs of registering the patent, estimated at an amount that is immaterial to the Group. The term of the licensing agreement is for the duration of the patents and patent requests.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 9 – Engagements and contingent liabilities (Continued)

- (4) In October 2014, Nano-Technologies submitted an application to a US Patent Office (hereinafter – the Office) for registration of a provisory patent for isolated ink that it develops. In addition, in November 2014, Nano-Technologies filed an application for a provisionary patent to the Office regarding a unique printing method of multi-layer and double sided printed electronic circuits (PCB), including printing of connections between layers (vias).

After the reporting date, Nano-Technologies submitted an additional application to the Office for registration of a patent on the ink recycling and unique cooling system of the print-heads of the three-dimensional printers that it is developing.

b. Contingent liabilities

On March 19, 2015, a claim was filed in the amount of NIS 20 million against the Company, Nano-Technologies, shareholders of the Company, officers and employees of the Company (hereinafter – the Defendants). The claim was filed by a third party (hereinafter – the Plaintiff) alleging that commercial secrets and technology that was developed thereby in the field of printing with ink injection and printing three-dimensional entities was stolen, allegedly through an officer and additional employee of the Company that were employed thereby in the past. In addition, the Plaintiff sought to order the Defendants, if a claim is accepted, to cease to make use on the know-how and technology at the subject of the claim.

As of the date of the approval of the financial statements and in light of the initial stage of the proceeding, the Company intends to study the statement of claim through the legal advisors and respond accordingly; however, based on our initial assessment, the claim that was filed is baseless. The financial statements do not include a provision for the aforesaid claim.

Note 10 – Equity

a. Composition of share capital

	Registered		Issued and paid up	
	December 31		December 31	
	2014	2013	2014	2013
	Number of shares		Number of shares	
Ordinary shares par value NIS 1	---	118,000,000	---	60,185,026
	=====	=====	=====	=====
Ordinary shares par value NIS 0.1 each	200,000,000	---	19,070,931	---
	=====	=====	=====	=====

Nano Dimension Ltd.

Notes on the Financial Statements

Note 10 – Equity (Continued)

b. Transactions with issued and paid up share capital

	<u>Number of Shares</u>	<u>Thousands NIS</u>
Balance as of January 1, 2013	60,185,026	103,106
Allocation of shares to the former controlling shareholders (1)	1,852,508	1,853
Consolidation of capital (2)	(55,833,781)	(103,909)
Issuance of shares in the framework of the merger transaction (3)	6,931,303	693
Issuance (3)	5,935,875	594
Balance as of December 31, 2014	19,070,931	2,337

(1) See Note 9.a(1).

(2) On August 24, 2014, the Company performed consolidation of capital such that each 10 ordinary shares par value NIS 1 of the Company is consolidated to one ordinary share par value NIS 0.1, in parallel to the increase of the registered capital of the Company for 200,000,000 ordinary shares par value NIS 0.1.

(3) See Note 9.a(2).

c. Stock options

On August 24, 2014, the Company allocated, as part of the merger transaction between the Company and Nano-Technologies (see Note 9.a(2)), 4,332,329 stock options, non-tradable, that are exercisable into 4,332,329 ordinary shares par value NIS 0.1 of the Company, subject to meeting the milestones set forth in the Agreement.

d. Treasury shares

As of December 31, 2014, the Company holds 527,032 ordinary shares par value NIS 0.1 of the Company, constituting about 2.8% of its issued and paid up share capital (as of December 31, 2013 – 5,270,374 ordinary shares par value NIS 1, which constituted about 8.8% of the Company's issued and paid up capital at the time).

e. For the purpose of the private placements performed after the reporting date – see Notes 16.f, 17.b and 17.d.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 11 – Further detail of profit or loss provisions

	For the year ending December 31		
	2014	2013	2012
	Thousands NIS	Thousands NIS	Thousands NIS
<u>a. Research and development expenses</u>			
Salary and others	1,565	715	--
Materials	292	37	6
Subcontractors	1,290	--	6
Patent registration	117	--	--
Depreciation	30	2	--
Rental fees and maintenance	166	49	15
Others	67	3	1
	<u>3,527</u>	<u>806</u>	<u>28</u>
Less – governmental grants (*)	(188)	--	--
	<u>3,339</u>	<u>806</u>	<u>28</u>
	=====	=====	=====
<u>b. Management and general expenses</u>			
Wages and other	491	--	--
Taxes and fees	70	4	3
Professional services	525	93	15
Director wages	192	3	--
Depreciation	37	13	3
Office	111	21	--
Other	<u>1,426</u>	<u>134</u>	<u>21</u>
	=====	=====	=====
<u>c. Financing expenses</u>			
For controlling shareholder loans	36	32	6
Bank fees and exchange rate differentials	40	3	3
Revaluation of liabilities for government grants	42	---	---
	<u>118</u>	<u>35</u>	<u>9</u>
	=====	=====	=====

Nano Dimension Ltd.

Notes on the Financial Statements

Note 12 – Taxes on income

a. Tax rate applicable to the Company

The corporate tax rate in Israel during the reporting years is 26.5% (in 2013 – 25% and 2012 – 25%).

During July 2013, the Knesset passed the Law to Change National Priorities (Legislative Amendments to Achieve Budgetary Objectives for 2013 and 2014), 5763-2013, which set forth, *inter alia*, an increase to the corporate tax rate from the 2014 tax year and thereafter to a rate of 26.5% (instead of 25%). A change as stated has no impact on the financial statements.

b. Theoretical tax

The following is the adjustment between the theoretical tax amount and the tax amount included in the financial statements:

	For the year ending December 31		
	2014	2013	2012
	Thousands	Thousands	Thousands
	NIS	NIS	NIS
Loss before taxes on income	(14,178)	(934)	(30)
Statutory tax rate	26.5%	25%	25%
Theoretical tax benefit	(3,757)	(234)	(8)
Increase in tax liability due to:			
Listing for trade expenses	2,480	--	--
Unrecognized expenses	289	187	2
Losses and benefits for tax purposes and temporary provisions for which no deferred taxes were recorded	988	47	6
Taxes on income	--	--	--
	=====	=====	=====

c. Tax assessments

The Company has final tax assessments until and including the 2009 tax year.

d. Losses transferred for tax purposes

As of the reporting date, the Company has business losses that are transferred for tax purposes in the amount of about NIS 23 million. The Company has not included a tax asset for the aforesaid losses in the absence of an expectation of using them in the foreseeable future.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 13 – Loss per share

	For the year ending December 31		
	2014	2013	2012
	Thousands NIS	Thousands NIS	Thousands NIS
Weighted average of number of ordinary shares used in the calculation of the basic and weighted loss per share (in thousands)	12,754	3,684	3,466
	===	===	===
Loss used in calculation (NIS thousands)	14,178	934	30
	===	===	===

Note 14 – Share-based payment

a. On November 30, 2014, the Company's board of directors approved granting 185,439 non-tradable stock options to an external consultant of the Company. The stock options are exercisable to 185,439 ordinary shares par value NIS 0.1 of the Company, which constituted about 0.8% of the Company's share capital (fully diluted) at the same time, in consideration for an exercise price of NIS 2 per share. The stock options are exercisable subject to the vesting date for a period of three years from the date on which they were granted, provided that the counsel continues to be the Company's counsel.

The fair value of the aforesaid stock options amounts, on the date of being granted, to about NIS 82,000. The following is data used in determining the fair value of the stock options:

Price per share (NIS)	1.576
Exercise price (NIS)	2
Expected fluctuations in share price	52%
Contractual life span of stock options (years)	3
Weighted average of risk-free interest	0.56%
Expected dividend yield	---

- b. On December 17, 2014, the Company's board of directors approved granting 370,878 non-tradable stock options to an additional external consultant of the Company. The stock options are exercisable to 370,878 ordinary shares par value NIS 0.1 of the Company, which constituted about 1.6% of the Company's share capital (on a fully diluted basis) at the same date. 185,939 of the stock options are exercisable immediately, for a period of 18 months from the date of being granted, in consideration for an exercise price in the amount of NIS 2 per share and the remaining 185,939 stock options are exercisable subject to a vesting period of 18 months, for a period of three years and in consideration for an exercise price of NIS 3 per share.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 14 – Share-based payment (Continued)

The fair value of the aforesaid stock options amounted, on the date of being granted, to about NIS 85,000. The following data was used in determining the fair value of the stock options:

Price per share (NIS)	1.507	
Exercise price (NIS)	2-3	
Expected fluctuations in share price		49%-52%
Contractual life span of stock options (years)		1.5-3
Weighted average of risk-free interest	0.35% - 0.79%	
Expected dividend yield		---

- c. For the purpose of share-based payment transactions performed after the reporting date – see Notes 16.e and 17.c.

Note 15 – Financial instruments

a. Risk management policy

The actions of the Group expose it to various financial risks, such as a market risk (including a currency risk, fair value risk for an interest rate and price risk), credit risk, liquidity risk and cash flow risk for the interest rate. The comprehensive risk-management policy of the Group focuses on actions to limit the potential negative impacts on financial performances of the Group to a minimum. The Group does not typically use derivative financial instruments to hedge exposures. Risk management is performed by the Company's CEO in accordance with the policy approved by the board of directors.

b. Credit risk

Credit risk concentrations may arise from exposures to one debtor or a group of debtors with similar characteristics, such that their ability to meet their obligations is expected to be impacted similarly from changes to economic or other conditions. The Company does not have a significant concentration of credit risks.

The cash and cash equivalents of the Group are deposited in Israeli banking corporations. In the estimation of the Group's management, the credit risk for these financial instruments is low.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 15 – Financial instruments (Continued)

c. Classification of financial instruments

The following is a classification of the financial assets and financial liabilities of the Company for groups of financial devices in accordance with IAS39:

	December 31	
	2014	2013
	Thousands NIS	Thousands NIS
<u>Financial assets</u>		
Cash and cash equivalents	806	5
Loans and debtors	51	1
	<u>857</u>	<u>6</u>
	====	====
<u>Financial liabilities</u>		
Financial liabilities measured at a reduced cost	1,652	239
	====	====

d. Currency risk

A currency risk is the risk of fluctuations in a financial instrument, as a result of changes to the exchange rate of the foreign currency.

The following is the classification and linkage terms of the financial instruments in the Group (in NIS thousands):

	Unlinked	Linked to the dollar	Total
<u>December 31, 2014</u>			
Cash and cash equivalents	806	--	806
Loans and debtors	51	--	51
	<u>857</u>	<u>--</u>	<u>857</u>
Financial liabilities at reduced cost	1,155	497	1,652
Total net financial liabilities	<u>(298)</u>	<u>(497)</u>	<u>(795)</u>
	=====	=====	=====
<u>December 31, 2014</u>			
Cash and cash equivalents	5	--	5
Loans and debtors	1	--	1
	<u>6</u>	<u>--</u>	<u>6</u>
Financial liabilities at reduced cost	239	--	239
Total net financial liabilities	<u>(233)</u>	<u>--</u>	<u>(233)</u>
	=====	=====	=====

Nano Dimension Ltd.

Notes on the Financial Statements

Note 15 – Financial instruments (Continued)

The following is a sensitivity analysis of changes in the exchange rate of the dollar as of the date of the report:

	<u>Profit (loss) from the change</u> <u>NIS thousands</u>
Increase at a rate of 5%	(25)
Increase at a rate of 10%	(5)
Decrease at a rate of 5%	25
Decrease at a rate of 10%	50

e. Fair value of financial instruments

The fair value of the financial instruments of the Company is identical to or equal to their book value.

f. Equity management

The purpose of the Company in managing its equity is to maintain the Company's ability to ensure the continuation of the business, thus generating yield for the shareholders, investors and other interested parties. The Company is not subject to any requirements for minimum capital required or to obtaining a certain level of yield on the equity.

g. Liquidity risk

Regarding liquidity risk – see Note 1.c.

The table below presents the repayment dates of the Group's financial liabilities based on the contractual terms in undiscounted amounts:

	<u>First year</u>	<u>Undetermined</u>	<u>Total</u>
<u>December 31, 2014</u>			
Suppliers and service providers	210	--	210
Accounts payable	795	127	922
Controlling shareholder loans	--	175	175
Liabilities for governmental grants	--	516	516
	<u>1,005</u>	<u>818</u>	<u>1,823</u>
	=====	=====	=====
<u>December 31, 2013</u>			
Accounts payable	94	--	94
Controlling shareholder loans	--	168	168
	<u>94</u>	<u>168</u>	<u>262</u>
	=====	=====	=====

Nano Dimension Ltd.

Notes on the Financial Statements

Note 16 – Balances and transactions with interested parties and affiliated parties

a. Balances with interested parties

	December 31	
	2014	2013
	Thousands NIS	Thousands NIS
Controlling shareholder loans (see note 7)	150	145
	===	===
Accounts payable	241	--
	===	===

b. Controlling shareholder benefits

	For year ended on December 31		
	2014	2013	2012
	Thousands NIS	Thousands NIS	Thousands NIS
Wages and accompanying fees for interested parties employed by the Company (*)	1,788	715	--
	===	===	===
Number of interested parties	4	2	--
	===	===	===
Compensation for directors that are not employed by the Company	192	--	--
	===	===	===
Number of directors	6	--	--
	===	===	===

(*) In 2014 and 2013, expenses include conceptual salary for controlling shareholders in the amount of about NIS 1,051,000 and about NIS 715,000, respectively, for services supplied to the Group at no consideration. The fair values of the services received from the controlling shareholders is determined based on the salary that they requested to approve in the framework of the merger transaction with Nano-Technologies and considering the scope of their contributions to the Group in each of the reported periods.

c. Benefits to senior officers

	For year ended on December 31		
	2014	2013	2012
	Thousands NIS	Thousands NIS	Thousands NIS
Professional services	102	--	--
	===	===	===

Nano Dimension Ltd.

Notes on the Financial Statements

Note 16 – Balances and transactions with interested parties and affiliated parties (Continued)

d. Changes to placement of officers of the Company

The following are the main changes applicable to the placement of officers in the Company:

- On April 2, 2014, Mr. Hanoach Gershon ceased to serve as chairman of the Company's board of directors, Mr. Israel Yosef Schneirson ceased to serve as CEO of the Company and director and Mr. Eyal Merdler ceased to serve as CFO of the Company.
 - On April 22, 2014, Mr. Itschak Shrem was appointed to serve as a director and chairman of the Company's board of directors.
 - On May 7, 2014, Mr. Tal Aharon Levi was appointed to serve as CEO and CFO of the Company.
 - On August 25, 2014, Mr. Tal Aharon Levi ceased to serve as CEO of the Company. On the same date, Mr. Amit Dror was appointed to serve as CEO of the Company.
- e. On February 16, 2015, the Company's general meeting approved the Company's engagement in the employment agreement of Mr. Itschak Shrem by virtue of his position as chairman of the Company's board of directors for a period of three years. In accordance with the terms of employment, Mr. Shrem will be entitled to a monthly salary of NIS 7,500, which will be increased to a total of NIS 10,000 in the Company completes the raising of capital in a minimum amount of NIS 8 million, for 40% capacity employment.

In addition, Mr. Shrem will be entitled, at no consideration, to an allocation of 370,878 non-tradable stock options, which are exercisable into 370,878 ordinary shares par value NIS 0.1 of the Company, which constituted about 1.4% of the Company's share capital (on a fully diluted basis) at the time, subject to the vesting dates and for a period of five years from the date on being granted, in accordance with the amount of financial benefit therein on the exercise date (based on the cashless exercise mechanism, while using an exercise price of NIS 1.75 per stock option).

- f. On February 16, 2015, the general meeting approved a private placement of 285,715 ordinary shares par value NIS 0.1 each of the Company, which constituted about 1.4% of the issued and paid up shares of the Company at the time (undiluted), and 285,715 stock options that were exercisable into 285,715 ordinary shares par value NIS 0.1 of the Company to the chairman of the board of directors and an additional director of the Company, in consideration for a total of NIS 400,000.
- g. Regarding additional engagements with interested parties – see Notes 9.a(1) and 9.a(2).

Note 17 – Events after the reporting date

- a. In January 2015, a non-binding memorandum of understandings (hereinafter – an MOU) was signed between the Company and a Chinese government company (hereinafter – the Chinese Company), whereby the parties would act together in order to establish a factory in Singapore, which would manufacture unique nano-materials that will be intended for various markets, excluding the PCB market in which the subsidiary, Nano-Technologies, is engaged. In accordance with the MOU, the scope of the initial investment will be about USD 3 million and will be financed in full by the Chinese Company, in consideration for receipt of 50% of the shares of a new company that is established for this purpose in Singapore.

As of the date of the approval of the financial statements, the MOU has not yet been formed into a binding agreement between the parties.

Nano Dimension Ltd.

Notes on the Financial Statements

Note 17 – Events after the reporting date (Continued)

- b. In January 2015, the Company completed raising capital from investors, in the framework of which the Company allocated to investors 1,508,572 ordinary shares par value NIS 0.1 of the Company, which constituted about 7.5% of the issued and paid up share capital of the Company at the time (undiluted), in consideration of a total of NIS 1.4 per share and 1,508,572 stock options (non-tradable), at no consideration, which are exercisable into 1,508,572 ordinary shares par value NIS 0.1 of the Company according to the exercise terms determined. The immediate consideration (gross) received as a result of the aforesaid raising of capital amounted to a total of NIS 2,112,000.
- c. In January 2015, the Company's board of directors approved granting 609,888 non-tradable stock options to an external consultant of the Company. The stock options are exercisable to 609,888 ordinary shares par value NIS 0.1 of the Company, which constituted about 2.3% of the Company's share capital (on a fully diluted basis) on the date of being granted.
- d. In March 2015, the Company completed additional raising of capital from investors and interested parties of the Company (hereinafter – Offerees), in the framework of which the Company allocated to Offerees 3,956,545 ordinary shares par value NIS 0.1 of the Company, which constituted about 16.5% of the Company's issued and paid up share capital at the time (undiluted), in consideration for a total of NIS 1.65 per share. The immediate consideration (net) received as a result of the aforesaid raising of capital amounted to a total of about NIS 6,528,000.

Chapter D – Additional Details about the Corporation

Company Name: Nano Dimension Ltd.²⁵ Co. No 520029109.
Address: 3 Golda Meir, Nes Ziona 74036.
Telephone: 073-7509142
Facsimile: 073-7509421
E-mail: Contact@nano-di.com
Balance Sheet Date: December 31, 2014
Report Date: March 30, 2015

Regulation 9: **Financial Statements**

The financial statements of January 1, 2014 to December 31, 2014 are hereby attached to Chapter C of this Report, *supra*, and constitute an integral part of this Report. The opinion by the accounting firm of Strauss, Lazar and Co., the Company's auditor, regarding the Company's financial statements, is included in the submitted financial statements.

Regulation 10: **Board of directors' Report on the Status of the Corporation's Affairs**

The Company board of directors' report for 2014 is hereby attached as Chapter B to this Report, *supra*, and constitutes an integral part of this Report.

Regulation 10A: **Summary of Reports on Quarterly Total Profit and Loss**

See the Corporation's board of directors' report for 2014 attached as Chapter B to the Report, *supra*, and which constitutes an integral part thereof.

Regulation 10C: **Use of Securities Consideration**

Not applicable.

Regulation 11: **List of Investments in Subsidiaries**

In light of the merger with Nano – Dimension Technologies Ltd. company no. 514791870 (formerly Hyrax Technologies B.F. 2012 Ltd.) (hereinafter: the “**Subsidiary**”), which was completed on August 25, 2014, as of the date of the Balance Sheet and the date of the Reports, the Company holds the entire issued and outstanding equity in the Subsidiary.

²⁵ On 10/29/2014 the Companies Registrar approved the change in the Company's name to its current name.

Investment in the Subsidiary for December 31, 2014:

Name of the Company	Type of shares held	No. of shares which were held by the Company	Par value per share (New Shekels)	Cost of shares held (thousands of NIS)	Value in the balance sheet (thousands of NIS)	Holding Percentage		
						Percentage of share capital	Percentage of voting power	Percentage of authority to appoint directors
Nano-Dimension Technologies Ltd. (company no. 514791870)	Ordinary shares	400	Par value NIS one each	-	3,710	100%	100%	100%

Regulation 12: Changes in Investments in Subsidiaries

As of August 25, 2014, the date on which the merger between the Company and the Subsidiary was completed, no changes have occurred in the Company's investments in the Subsidiary. For additional details, see Note 1B to the Company's financial statements of December 31, 2014, which are attached.

Regulation 13: Subsidiary's Income in the Reporting Year

There is no income in the reporting year.

Regulation 14: List of Groups of Balances of Loans Made as of the Date of the Balance Sheet if the Granting of the Loans was one of the Corporation's Primary Occupations

The Company does not engage in making loans.

Regulation 20: Trade on the Stock Exchange – Securities Register for Trade in the Reporting Year – Dates and Reasons for Ceasing Trade

During the reporting year, the following securities issued by the Corporation for trade on the stock exchange, were registered:

1. On February 6, 2014, 1,852,508 ordinary shares in the Company of par value NIS 0.01 each were issued to the previous controlling shareholder, Israel 18 B.V. (formerly: Chabad 770 B.V), against repayment of shareholders' loans, and this after approval was received on January 30, 2014 from the general meeting of the Company's shareholders.
2. On August 24, 2014, 12,867,178 ordinary shares of par value NIS 0.1 each and 4,322,329 option statements (Nano Dimension 8/14) executable for 4,322,329 ordinary shares in the Company, to shareholders including interested parties and the current controlling shareholders in the framework of the merger as defined in Section 1.4 of Chapter A, "Description of the Corporation's Transactions" in this Report, *supra*.
3. On January 13, 2015, 1,508,572 ordinary shares of par value NIS 0.1 each and 1,508,572 option statements (Nano Dimension 1/15) executable for 1,508,572 ordinary shares in the company to investors who have not become interested parties and the Company, as well as 556,317 option statements (Nano Dimension 11/14) to two external consultants, executable for 556,317 ordinary shares in the Company.

4. On January 13, 2015, 556,317 option statements were registered for trade (security note.7510126) to two external consultants to the Company. For additional details, see the Investments in the Corporation's Capital Table in Section 6 and Chapter A, "Description of the Corporation's Business" in this Report, *supra*.
5. On January 13, 2015, 1,508,572 shares in the Company and 1,508,572 option statements (security no.751.0134) were registered for trade to 7 offerees. For additional details, see the Investments in the Corporation's Capital Table in Section 6 and Chapter A, "Description of the Corporation's Business" in this Report, *supra*.
6. On March 11, 2015, 3,956,545 ordinary shares in the Company were registered for trade as part of a private allocation to 10 offerees. For additional details, see the Investments in the Corporation's Capital Table in Section 6 in Chapter A, "Description of the Corporation's Business" in this Report, *supra*.

Regulation 21: Compensation for Senior Officers

Below is a detailing of compensation given in 2014 to each of the five highest-paid officers in the Company or a corporation under its control, given to them in connection with their service in the Company or a corporation under its control, in thousands of NIS:

Compensation Recipient's Details				Compensation for Services							Other Compensation			
Name	Position	Scope of position	Rate of holding of capital in %	Wage	Bonus	Share - based payment	Management fees	Consulting fees	Surcharge	Other	Interest	Rental fees	Other	Total
Itschak Shrem	Chairman of the board of directors	40%	2.22	38										38
Amit Dror	CEO and director	100%	7.22	208										208
Simon Anthony-Fried	VP for Marketing, Business Development, and director	100%	7.22	181										181
Dagi Shahar Ben-Noon	Chief Operating Officer and director	100%	7.22	162										162
Sharon Fima	Chief Technology Officer and director	100%	7.22	186										186

- A. Details regarding terms of service and employment of the chairman of the board of directors of the Company, Mr. Itschak Shrem: During a discussion which took place during meetings of the Compensation Committee on 11/30/2014, 12/17/2014, and a meeting of the Company's board of directors on 12/17/2014 as well as at its meeting on 02/16/2015, the general meeting approved the terms of service and employment of the chairman of the board of directors as follows: the monthly consideration in respect of the management and business development services which the chairman of the board of directors provides the Company²⁶ at a scope of a 40% time position shall stand at the sum of NIS 7,500 plus VAT as required by law (the "**Monthly Consideration**"); in the event in which the Company shall successfully raise capital in the minimum amount of NIS 8 million in cash for the Company's coffers,²⁷ the monthly consideration shall stand in the amount of NIS 10,000 plus VAT as required by law.²⁸
- In addition to the monthly consideration, the Company will issue the chairman of the board of directors 370,878 options to purchase 370,878 non-tradable ordinary shares in the Company of par value NIS 0.1 each (the "**Options**"), according to the terms detailed in the summons to the meeting published by the Company on 1/8/2015 [reference no. 2015-01-07789].
- B. Details regarding the terms of service and employment of the Company CEO and director, Mr. Amit Dror: On August 17, 2014, the general meeting approved the salary of Mr. Amit Dror who serves as CEO of the Company and a director therein, and who is a member of the group which controls the Company. The current terms of his service are: in consideration of a position in the scope of 100%, the CEO is entitled to a monthly (gross) salary in the sum of NIS 37,000, to which gross salary social benefits which are common and accepted in parallel positions in a company in the field in which the Company deals are added, including amongst other things managerial insurance, an educational fund, vehicle expenses or a permanent vehicle and a mobile cellular device, and in any case the gross salary in addition to the benefits does not exceed an employer cost in the sum of NIS 46,000 per month, in accordance with the provisions of the amended compensation policy for Company officers as approved by the extraordinary general meeting which took place on 1/20/2015 (the "**Compensation Policy**").
- C. Details regarding the terms of service and employment of the Company VP of Marketing and Business Development and director, Mr. Simon Anthony-Fried: On August 17, 2014, the general meeting approved the salary of Mr. Simon Anthony-Fried who serves as VP of Marketing and Business Development of the Company and a director therein, and who is a member of the group which controls the Company. The current terms of his service are: in consideration of a position in the scope of 100%, Mr. Anthony-Fried is entitled to a monthly (gross) salary in the sum of NIS 32,000, to which social benefits which are common and accepted in parallel positions in a company in the field in which the Company deals are added, including amongst other things managerial insurance, an educational fund, vehicle expenses or a permanent vehicle and a mobile cellular device, and in any case the gross salary in addition to the benefits does not exceed an employer cost in the sum of NIS 45,000 per month, in accordance with the provisions of the Compensation Policy.

26 By means of a private company under his control.

27 And subject to confirmation by the Company's auditors of the raising of the aforesaid amount.

28 The monthly consideration was presented for approval of the meeting which took place on 02/16/2015, as was the increase of the monthly consideration to the amount of NIS 10,000 plus VAT in the event of the raising of NIS 8 million in a manner such that the approval by the meeting, which is granted to the monthly consideration, is considered as approval by the meeting given as well to the increased monthly consideration in the event of raising capital in said amount.

- D. Details regarding the terms of service and employment of the Company Chief Operating Officer (COO) and director, Mr. Dagi Ben-Noon: On August 17, 2014, the general meeting approved the salary of Mr. Dagi Ben-Noon who serves as Chief Operating Officer (COO) of the Company and a director therein, and who is a member of the group which controls the Company. The current terms of his service are: in consideration of a position in the scope of 100%, Mr. Ben-Noon is entitled to a monthly (gross) salary in the sum of NIS 28,000, to which social benefits which are common and accepted in parallel positions in a company in the field in which the Company deals are added, including amongst other things managerial insurance, an educational fund, vehicle expenses or a permanent vehicle and a mobile cellular device, and in any case the gross salary in addition to the benefits does not exceed an employer cost in the sum of NIS 45,000 per month, in accordance with the provisions of the Compensation Policy.
- E. Details regarding the terms of service and employment of the Company Chief Technology Officer (CTO) and director, Mr. Sharon Fima: On August 17, 2014, the general meeting approved the salary of Mr. Sharon Fima who serves as Chief Technology Officer (COO) of the Company and a director therein, and who is a member of the group which controls the Company. The current terms of his service are: in consideration of a position in the scope of 100%, Mr. Fima is entitled to a monthly (gross) salary in the sum of NIS 33,000, to which social benefits which are common and accepted in parallel positions in a company in the field in which the Company deals are added, including amongst other things managerial insurance, an educational fund, vehicle expenses or a permanent vehicle and a mobile cellular device, and in any case the gross salary in addition to the benefits does not exceed an employer cost in the sum of NIS 45,000 per month, in accordance with the provisions of the Compensation Policy.
- F. Details regarding the terms of service and employment of three Company directors: With the exception of the officers specified, *supra*, there are three ordinary directors serving in the Company (including an independent director), and in accordance with the Compensation Policy, and until otherwise resolved by the authorized Company organs, the three aforementioned directors are entitled to the Company's external directors (yearly compensation and compensation for meeting participation) which is in accordance with the minimal amounts according to the Companies Regulations (Rules Regarding Compensation to and Expenses for and External Director), 5760-2000 (the "**External Directors Compensation Regulations**") in accordance with the Company's classification according to these regulations.
- G. Details regarding the terms of service and employment of the two external directors in the Company: With the exception of the officers and directors specified, *supra*, there are two external directors serving in the Company and in accordance with the Compensation Policy and the approval of the Compensation Committee, compensation for the external directors in the Company (yearly compensation and compensation for meeting participation) is in accordance with the minimal amounts according to the External Directors Compensation Regulations, and in accordance with the Company's classification according to these regulations.
- H. Details regarding the terms of service and employment of the Chief Financial Officer: At a meeting on August 31, 2014, the Company board of directors, after receiving the Compensation Committee's recommendation for the same, approved the conditions of employment and service of the Company Chief Financial Officer, Mr. Tal Levi-Aaron, according to which in the framework of the Company contracting with the Mazor Financial Solutions Ltd. company, the Company will be provided with the services of the Chief Financial Officer and the preparation of financial statements by means of Mr. Levi-Aaron who was appointed to serve as Chief Financial Officer, in consideration of a monthly payment in the sum of NIS 18,000 plus VAT. The terms of the employment of the Chief Financial Officer are in accordance with the principles of the Company's Compensation Policy.

- I. The terms of service and employment of the officers and directors specified above conform to the Compensation Policy for Company officers.
- J. The Compensation Policy does not permit multiple salaries, and a director in the Company serving in an additional position as an officer (and subordinate to the CEO) is not entitled to payment of double salary in respect of his two positions in the Company, but rather only in respect of his position as an officer (not director).
- K. For additional details about the Compensation Policy, see Section 18, “Compensation of Senior Officers” in Chapter B – the board of directors’ Report attached to this Report, *supra*.

Regulation 21A: The Controlling Shareholder in the Corporation

As of the date of the Report, the controlling shareholders in the Company are the esteemed gentlemen Amit Dror, Simon Anthony-Fried, Sharon Fima, and Dagi Shahar Ben-Noon, who in 2014 entered into a voting agreement in relation to their holdings in the Company’s shares, and therefore are considered as “jointly holding” the Company’s shares in light of the definition of the term “holding” in the Securities Law, 5728-1968.

Regulation 22: Transactions with Controlling Shareholders

- (A) Corporation transactions with the controlling shareholder or in which the controlling shareholder has a personal interest in their approval which are not listed in Section 270(4) of the Companies Law, 5759-1999 (hereinafter: the “**Companies Law**”): (in this Section: “**Other Transactions**”):
 - 1. At its meeting on January 30, 2014, the extraordinary general meeting approved in insubstantial private allocation to Chabad 770 B.V, which until April 2, 2014 was the previous controlling shareholder in the Company, in consideration of repayment of loans which it had previously made to the Company. For full details about the aforementioned offering, see Sections 3, 4, and 12.3.2 in Chapter A, “Description of the Corporation’s Business” which the Company published in the periodic report for 2013, on 03/28/2014 [reference number: 2014-01-027966], whose contents are presented by way of reference to this matter.
- (B) Corporation transactions with the controlling shareholder or in which the controlling shareholder has a personal interest in their approval, listed in Section 270(4) of the Companies Law:
 - 1. Salary and terms of service and employment of the controlling shareholder - At its meeting on 08/17/2014, the meeting approved the terms of service and employment of the current controlling shareholders in the Company who serve as directors as well officers in the Company. For details about their salaries, see Regulation 21, *supra*.

2. Compensation Policy for Senior Company Officers - At its meeting on 08/17/2014, the meeting approved the Compensation Policy for Company officers, and at its meeting on 01/20/2015 the meeting approved the amendment to the Compensation Policy for Company officers according to its current text. For additional details, see the amended employment report and meeting summons published by the Company on 12/17/2014 [reference no. 2014-01-224355], whose contents in regards to this matter are presented by way of reference.
3. The Company entering into a directors' and officers' liability insurance contract and approval of the terms of the policy as a "framework transaction" in accordance with the provisions of the Companies Regulations (Facilitation of Transactions with Interested Parties), 5760-2000 - At its meeting on 01/20/2015, the meeting also approved the Company entering into an insurance agreement and of the terms of the policy as a "framework transaction" for the Company entering into a contract for a directors' and officers' liability insurance policy according to the terms of the policy detailed in the meeting summons, for a period of 3 years beginning on the date of the approval by the meeting and thereafter. For additional details, see Regulation 29A in this Report, *infra*, as well as the amended transaction report and meeting summons published by the Company on 12/17/2014 [reference no. 2014-01-224355] whose contents in regards to this matter are presented by way of reference.
4. As to the waiver, insurance, and indemnification for officers which was in effect on the date of the Report, please see the particulars presented in Regulation 29A(4) in this Chapter, *infra*.

Regulation 24: Shares and Convertible Securities Held by an Interested Party and Senior Officers Adjacent to the Date of the Report:

Name of Interested Party	Quantity of Shares Held by Him	Quantity of Options Held by Him	Percentage of the his Holdings in the Equity and Voting in %	Percentage of his Holdings Fully Diluted in %
Amit Dror	1,732,826	1,080,583	7.22	9.26
Simon Anthony-Fried [<i>mistake in the original, corrected in translation</i>]	1,732,826	1,080,582	7.22	9.26
Sharon Fima	1,732,826	1,080,582	7.22	9.26
Dagi Shahar Ben-Noon	1,732,826	1,080,582	7.22	9.26
Michael Ilan Investments Ltd.	3,422,483	0	14.25	11.26
Itschak Shrem	522,114	0	2.22	1.75
Eliyahu Yoresh	127,939	0	0.53	0.42
Tzvi Yemini	357,143	357,143	1.49	2.35
Yoel Yogev	570,000	214,288	2.37	2.58
Dormant shares	527,032	0	0	0

Regulation 24A: Registered Equity, Issued Equity, and Convertible Securities

Registered equity: 200,000,000 ordinary shares of par value NIS 0.1 each.

Issued equity: 24,009,016 ordinary shares of par value NIS 0.1 each.

Dormant shares: 527,032 ordinary shares of par value NIS 0.1 each (dormant).

Company securities: 4,322,321 Nano Dimension option statements 8/14.

556,317 Nano Dimension option statements 11/14.

1,500,572 Nano Dimension option statements 1/15.

Regulation 24B: Registry of Shareholders

<u>Shareholder's name</u>	<u>Address</u>	<u>Number of shares</u>	<u>Held in trust</u>
Bank Leumi LeYisrael Registry Company Ltd.	9 Ehad Ha'am, Tel Aviv	24,536,018	No
Youngstown Israel Investment Club	510 Dollar Bank Building, Youngstown, OH, 44503 USA	4	No
Yehuda Bar Lev	3A Tolokovski Street, Tel Aviv 69358	3	No
Ama Ehrlich	28 Ben Maim Blvd, Jerusalem 92261	23	No
Total		24,536,048	

Registry of Options Holders**1. Registry of (unregistered) Nano Dimension options 8/14 (security no. 7510118)**

<u>Holder</u>	<u>Address</u>	<u>Quantity</u>
Amit Dror	At the Company's address	1,080,583
Dagi Ben-Noon	At the Company's address	1,080,582
Sharon Fima	At the Company's address	1,080,582
Simon Anthony-Fried	At the Company's address	1,080,582
Total		4,322,329

2. Registry of options (not registered for trade) for the two consultants (according to the private allocation from 11/30/2014 and 12/17/2014)

Type of security	Holder	Quantity
Option statement (non-tradable)	Consultant 1	185,439
Option statement (non-tradable)	Consultant 2	370,878
Total		556,317

3. Registry of options (not registered for trade) for investors in a private allocation from January 5, 2015

Type of security	Holder	Quantity
Option statement (non-tradable)	Ruby Zimmerman (R.P Holdings (1992) Ltd.)	321,429
Option statement (non-tradable)	Tzivka Yemini Y.M.Y. Industry Ltd.	357,143
Option statement (non-tradable)	Prof. Benad Goldwasser GoldMed Ltd.	285,714
Option statement (non-tradable)	Yoel Yogev	214,286
Option statement (non-tradable)	Chaim Cohen	180,000
Option statement (non-tradable)	Amir Uziel	75,000
Option statement (non-tradable)	Yossi Gazit (By means of a private company under his control)	75,000
Total		1,508,572

Regulation 25A: The Corporation's Registered Address

3 Golda Meir St., Nes Ziona, 74036.

Telephone: 073-7509142; Fax: 073-7509421;

Email: Contact@nano-di.com**Regulation 26: The Corporation's Directors**

Attached hereto are the particulars regarding the Corporation's Directors:

Name ID no., Date of birth Nationality	Address for service of legal process	Membership in board of directors' committees is he an independent director/external director as defined in the Companies Law yes/no	Is he an employee of the Company, a subsidiary of the Company, a related company, or an interested party therein – the position which he fills	The year in which his service as a director in the Company commenced	His education and employment in the last 5 years, with details of the subject or fields in which he received his degree, the institution in which he studied, and the academic degree or professional certificate which he holds, as well as details of the corporations in which he served as a director, and whether he possesses a professional qualification	To the best of the Company's and it's other directors knowledge,, is he a relative of another interested party and Co. – yes/no, and indicated details	Is he a director which the Company sees as possessing accounting and financial expertise
Itschak Shrem, chairman of the board of directors 7823685; 07/28/1947; Israeli	13 Hatikva Street, Ramat Hasharon	No	No	2014	BA in finance and business administration from Bar Ilan University and an MA in business administration from Tel Aviv University; Chairman/CEO of S.R. Accord, Chairman/CEO of Yaad Consulting and Management Services (1995) Ltd.; Sfira, Global Healthcare, Globe Oil Exploration Ltd., Ormat Industries Ltd., BreedIT Corp., Ritlix Ltd.	No	Yes
Amit Dror, CEO and director 038378568; 03/17/1976 Israeli	4 Bari Street, Tel Aviv	No	Yes	2014	Graduate of the Garage Program for Business Leadership; alumnus of Unit 8200 (Intelligence), possessing a comprehensive technology background and significant experience in management of technologies companies; Companies in which he has worked in the past: ECI, Comverse, and IncrediBuild; serves as CEO of Eternegy. Currently he is also a director in the Milk & Honey refinery.	No	No
Simon Anthony-Fried, VP for Marketing and Business development and director	29 Harav Amiel, Tel Aviv	No	Yes	2014	MBA (HDC), MSc. Behavioral Econ. (Oxon), BSc. Risk & Choice; Strategic consultant to Fortune 500 companies and conducting marketing	No	No

303447049; 12/20/1973 Israeli					projects. Entrepreneur: Eternegy, serves as director in the Milk & Honey refinery.		
Dagi Shahar Ben-Noon	325 Nof Sadont, Olesh	No	Yes	2014	Machine engineer from Ben Gurion University; military products development, advanced plastic materials, and medical equipment planning engineer,. Possesses experience in accompanying development processes from planning stages to overall industrial serial manufacturing.	No	No
Sharon Fima, Chief Technology Officer and director 031927098; 05/20/1975 Israeli	Kibbutz Palmahim, PO Box 308	No	Yes	2014	Specializes in advanced printers. Work for approximately 14 years in the Indigo and X-JET companies.	No	No
Eli Yoresh, director 14660039; 04/08/1970; Israeli	37 Usishkin, Ramat Hasharon	No	No	2014	Accountant, from the College of Administration; bachelor's degree in business administration – the College of Administration; master's degree in law – Bar Ilan University; CFO at Asia Development (A.D.B.N) Ltd. and Asia Hadera Israel Ltd.; Asia Development, Matarat Company Mergers, Alter Equity Investments, Greenstone Industries, Growth Investment House, Geffen Biomed, S.R. Accord, Proteologics.	No	Yes
Avraham Nehemias, director 053356721; 06/10/1955; Israeli	1 Olei Bavel, Herzliya	No	Yes	2014	BA in finance and accounting from Tel Aviv University; accounting and consulting (as partner in an accounting and consulting firm); Services director in the following companies: 1. Rothstein Realty Ltd. 2. Orad Ltd. 3. Elium Medical Solutions Ltd. 4. Select Biomed Ltd.	No	Yes

Tzvi Yemini, independent director ²⁹ 050508431; 01/08/1951	38 Yeffet Street, Tel Aviv	Yes	No	2015	Degree in industrial engineering and management from the Technion, MBA in business administration from Tel Aviv University, MA in marketing from Branch College [sic], NY; Served as chairman of the board of directors in the fair center since 2004, chairman of the board of directors at the Shankar School of Design, chairman of the board of directors of Hydro – Tint Industries Ltd. since 2002; Member of the board of directors at the Peace Price Center, member of the board of governors of Tel Aviv University, member of the board of governors of Beer Sheva University; Does not currently serve [sic] serves as director in the Novomic Ltd. company.	No	No
Ronny Kleinfeld, external director 054571112; 11/16/1956; Israeli	97 Yehuda Hanassi St, Herzliya	Yes	No	2012	Graduate of the finance and international relations program at the Hebrew University in Jerusalem; CEO of the companies: O.M.I. (Optical Media International) Ltd., A.R.D. Ltd., Maariv Information Publishing Ltd.; Elbit Medical Ltd. (external director) Whitesmoke Ltd., and Mendelson Industries Ltd.	No	Yes
Irit Ben-Ami, external director 056794852; 04/15/1961; Israeli	39A Zifman, Raanana	Yes	No	2012	Graduate of the finance and accounting program at the Haifa University. Law graduate, Shaarei Mishpat College. License in law, Inter-disciplinary Center, Herzliya; National division supervisor in the Transportation Employees Association, the New General Labor Federation. Partner and founder of the Petri, Ben- Ami and C R Offices; Director in Petrochemical Enterprises Ltd. and	No	Yes

²⁹ Mr. Yemini was appointed by the Company Board of Directors on 1/28/2015 [reference no. 2015- 01- 020818].

					external director in the following companies: BiondVax Pharmaceuticals Ltd., Hajaj Group Real Estate Ventures Ltd. Nadlans Ltd. and Elad Global Ltd.		
Yossef Matalon, served as independent director in the Company until 1/19/2015³⁰ 071405476 01/01/1944 Israeli	5 Hadar, Ramat Gan, 52446	Independent director. Was a member of the audit and compensation committees and the balance committee.	No	08/27/2012 until 01/19/2015, the date on which he resigned.	Independent accountant.	No.	Yes.
Yoel Yogev³¹ 051357895 10/15/1952 Israeli	9 Hadudaim, Tirat Yehuda, 73175	Director	No.	4/22/2014 until 8/25/2014, the date on which he ended his services as part of the merger with the Subsidiary, and on March 19, 2015, appointed to serve as director by the Company board of directors.	Electronics engineer, Technion University in Haifa. Serves as CEO of El-Gav Electronics Ltd. for the last 27 years.		

Regulation 26A: The Company's Senior Officers

Attached hereto are details regarding the remaining corporate officers:

Name of Officer	Tal Aharon Levi	Uziel Shmueli (Served as internal auditor until 3/2/2015)	Daniel Shapira (Appointed as internal auditor on 03/30/2015)
I.D. no.	034280933	55904122	052755998
Date of birth	02/07/1978	07/08/1959	7/22/1954
Year in service which commenced	2014	2014	2015
Position which he fills in the Corporation, a subsidiary, a company related to it or a party	Chief Financial Officer ³²	Internal auditor	Internal auditor

³⁰ For additional details about his resignation, see the Company's report from 01/19/2015 [reference no. 2015- 01- 014104].

³¹ Mr. Yogev was appointed to serve as director and the Company on 4/22/2014, and as part of the merger with the Subsidiary, ended his service on 8/25/2014. On 3/19/2015, the Company Board of Directors appointed Yoel Yogev as Director in the Company.

³² Mr. Aaron Levy served as CEO as well from 5/7/2014 and until 8/25/2014.

interested in it; if he was the senior independent authorized signatory in the Corporation – this fact will be noted			
The fee is an interested party in the Corporation or a relative of another senior officer for interested party in the Corporation	No	No	No
His education and business experience in the last five years. In the details of the senior officer's education, you will indicate the subject or field in which he received his education, the institution in which the education and academic degree or professional certificate which he holds were received	Bachelor's degree in business administration from the College of Administration, Rishon Letziyon; Comptroller and VP at Mazor Financial Solutions, comptroller at Arazim Investments Ltd.	Bachelor's degree in business administration from the College of Administration; Partner at Morad, Shmueli, Laham and Co.; Serves as internal auditor in publicly held companies.	Bachelor's degree in accounting and finance – Bar Ilan University. Accountant – owner of an accounting firm. Internal auditor of publicly held companies traded in Israel and overseas.

As stated in Chapter A of the periodic report (“Description of the Corporation’s Business”), in April 2014 and August 2014, control of the Company changed hands, and in light of this officers were replaced and/or ended their positions and/or new officers and directors in the Company were appointed, and as of the date of the Report, the controlling shareholders are the individuals listed in Regulation 21A, *supra*, and the directors and officers are the individuals listed in Regulation 26 and 26A, *supra*.

Regulation 26B: Independent Authorized Signatories of the Corporation

The Company does not have independent authorized signatories.

Regulation 27: The Company’s Auditor

The Company’s auditor is the accounting firm of Strauss, Lazar, and Co. of 17 Yitzhak Sadeh Ave (N.Z.B.A. House) Tel Aviv 67775.

Regulation 28: Change Made in the Reporting Year in the Company’s Memorandum or Articles

On August 17, 2014, the General meeting of the Company’s shareholders approved the change of the Company’s articles to its current version.

Regulation 29: **(A) Recommendations and Resolutions of the Directors Before the General Meeting, and their Resolutions which do not Require Approval of the General Meeting Regarding:**

- (1) Payment of dividend or execution of distribution: On March 7, 2014, the Company distributed a dividend in kind to the shareholders after the distribution was approved by the Tel Aviv District Court. For additional details, see Section 7 of Chapter A of this Report, *supra*.
- (2) Change in the Corporation's registered or issued equity: On August 17, 2014, the extraordinary general meeting approved the replacement of the Company's articles including to state [*sic* – possibly meant 'to increase'] the Company's registered equity to 200,000,000 ordinary shares of par value NIS 0.1 each.
- (3) Change of memorandum or articles: See Regulation 28, *supra*.
- (4) Redemption of redeemable securities: None.
- (5) Early redemption of bonds: Not applicable.
- (6) Transaction which does not conform to market conditions, between the Corporation and an interested party therein: None.

(B) Resolutions by the general meeting adopted not in accordance with the directors' recommendations in the matters detailed in sub-Regulation (A), *supra*:

None.

(C) Resolutions by the extraordinary general meeting:

- 1) See Regulation 22, *supra*.
- 2) At its meeting on June 12, 2014, the extraordinary general meeting results to approve, inter alia, the following subjects: the Company entering into an agreement in the framework of professional liability insurance for officers and directors in the Company, granting waiver letters to officers and directors in the Company, the cessation of the service of the prior auditor and the appointment of the auditing accountant "Strauss, Lazar, and Co. - Accountants" as the Company's auditor, appointment of directors in the Company, entering into an agreement with Mazor Financial Solutions Ltd. for the provision of financial management services (for the preparation of financial statements and management), and approval of a compensation policy for the Company. For additional details, see the Company's report regarding the amended summons to a general meeting dated 6/5/2014 [reference no. 2014-01-084117] as well as the results of the meeting dated 06/12/2014 [reference no. 2014-01-089565] whose contents regarding this Chapter D are presented by way of reference.
- 3) At its meeting on August 17, 2014, the extraordinary general meeting resolved to approve the merger between the Company and the Subsidiary Nano- can they mention Technologies Ltd. (formerly Hyrax Technologies B.P. 2012 Ltd.) and its shareholders, as well as the exceptional private allocation to them as a result of which they became the controlling shareholders in the Company (the "**Merger**"). At that same meeting, and as part of the Merger, private allocations to shareholders were approved in one block in the framework of a reasoning of capital in the sum of approximately NIS 5 million which the Company raised as part of the Merger, as well as accompanying transactions including: an exceptional private allocation to the current controlling shareholders, notification to previous shareholders/interested parties and the Company (including the capital raising allocation of shares to investors), the ending of the directors' service and appointment of new directors (the current group controlling the Company), unification of equity to the Company's issued and outstanding share capital, it was resolved to change the Company's name to its current name, it was resolved to approve the replacement of the articles, it was resolved to approve the inclusion of new directors who were appointed in the existing directors' and officers' liability insurance policy and to grant them waiver and indemnification letters in the text published, it was resolved to approve a compensation policy for the officers, and it was resolved to approve the terms of the service and employment of the new officers and/or directors (including the current controlling shareholders in the Company), and all as detailed in the latest current transaction report and meeting summons published by the Company on 8/12/2014 [reference no. 2014-01-132780] and in the results of the meeting dated 8/17/2014 [reference no. 2014-01-135507] whose contents in regards to this Chapter candy are presented by way of reference.

- 4) Similarly, and its meeting on August 17, 2014, the extraordinary general meeting also resolved to approve the Company's contracting in a Run – Off type insurance policy for officers and directors serving in the Company on the date of the convening of the meeting, for a period of 7 years, at a cost of up to USD 25,000;
- 5) At the yearly and extraordinary general meeting which took place on 01/20/2015, the following resolutions were adopted, amongst others: approval of an amended compensation policy for officers in the Company and the Company contracting in a professional liability insurance policy for directors and officers in the Company for a period of 3 years, and classification of the policy terms as a "framework transaction". For additional details, see Regulation 22, *supra*, and Regulation 29A, *infra*.
- 6) At the extraordinary general meeting which took place on 02/16/2015, the following resolutions were adopted: the terms of the employment in service of the Chairman of the board of directors were approved, including allocation of options to the chairman. For additional details, see Regulation 21, *supra*, and it also approved a private allocation of shares and option statements to two directors in the Company. For details about this substantive private allocation, see the amended meeting summons published by the Company on 02/10/2015 [reference no. 2015-01-029074], whose contents in regards to this matter are presented by way of reference. For details about the results of the meeting, see the Company's report dated 03/16/2015 [reference no. 2015-01-032431], whose contents regarding this matter are presented by way of reference.

Regulation 29A: Company Resolutions

- (1) Approval of an action according to Section 255 of the Companies Law: None.
- (2) Approval of an action according to Section 254(A) of the Companies Law: None.
- (3) Transactions requiring special approvals according to Section 270(1) of the Companies Law: See details in Regulation 29(C)(2), *supra* [sic], and the details in Regulation 21 and Regulation 21, *supra* [sic].
- (4) Waiver, insurance, and indemnification for officers in effect on the date of the Report:
- (5) On June 12, 2014, the extraordinary general meeting approved the Company entering into a professional liability insurance agreement for officers and directors therein who will serve in the Company from time to time for a period of 3 years commencing on April 2, 2014 and until April 1, 2017, where the terms of the contractual engagement are as follows: the yearly premium will not exceed the sum of 10,000 dollars US, with a liability limit of up to 5,000,000 dollars US.
Also approved at that same meeting was the granting of waiver and indemnification statements for officers and directors in the Company.
- (6) On August 17, 2014, the extraordinary general meeting approved the Company entering into the Merger transaction with the Subsidiary in the framework of which it approved, inter alia, the inclusion of directors who as of the date of the Report were controlling shareholders in the Company, in the professional insurance policy for officers and directors in the Company, as well as the granting of waiver and indemnification statements to those same directors (who are, as aforesaid, currently the controlling shareholders in the Company). Similarly, the aforementioned meeting approved contracting for a Run – Off type insurance policy for

officers and directors serving in the Company on the date of the meeting's approval for a period of 7 years, at a cost of up to \$25,000 US.

- (7) On January 20, 2015, the extraordinary general meeting approved the Company's entering into a professional liability insurance agreement for directors and officers therein, including officers who are controlling shareholders in the Company who are serving and/or served in the Company from time to time (hereinafter: the "**Officers**") in a manner which will also constitute a resolution to approve the contractual engagement as a "framework transaction" as well, as this is defined in the Companies Regulations (Facilitation of Transactions with Interested Parties), 5760-2000 (hereinafter: the "**Facilitation Regulations**") in a manner such that the Company will be entitled every year, and in total for a period of three (3) cumulative years commencing on the date of the approval of the meeting, and subject to approval of the audit and/or compensation committee and the Company board of directors to extend and/or renew the insurance policy or to contract for a new policy with the same insurer or a different insurer, in Israel or overseas; terms of the insurance policy: the yearly premium in respect of the insurance policy will not exceed the sum of 15,000 dollars US, and the coverage limits will not exceed the sum of 5,000,000 dollars US per event and for the period.

Respectfully,

Nano Dimension Ltd.

<u>Names of Signers</u>	<u>Position</u>	<u>Signature</u>
Mr. Itschak Shrem	Chairman of the board of directors	_____
Mr. Amit Dror	CEO and Director	_____

Dated: **March 30, 2015.**

(A) Chief Executive Officer's Declaration According to Regulation 9B(d)(1):
Directors' Declaration
Chief Executive Officer's Declaration

I, **Mr. Amit Dror**, declare that:

- (1) I examined the periodic reports of Nano Dimension Ltd. (formerly Z.B.I. Ltd) (hereinafter: the "**Corporation**") for 2014 (hereinafter: the "**Reports**");
- (2) To my knowledge, the Reports do not include any incorrect representation of substantive fact and do not lack presentation of any substantive fact required in order that the representations included therein, in light of the circumstances in which those same representations were included, not to be misleading in regards to the period of the Reports;
- (3) To my knowledge, the financial statements and other financial information included in the Reports duly reflect, from every substantive standpoint, the financial condition, operational results, and cash flow of the Corporation for the dates and periods which the Reports address;
- (4) I disclosed to the Corporation's auditor, the board of directors, and the audit committee of the Corporation's board of directors, any fraud, whether substantive or non-substantive, in which the chief executive officer or anyone directly subordinate to him is involved or in which other employees are involved who have a significant role in financial reporting and disclosure and control thereof.

Nothing the aforesaid shall derogate from my liability or that of any other person under any law.

March 30, 2014

Date

Amit Dror, CEO

(B) Chief Executive Officer's Declaration According to Regulation 9B(d)(2):
Directors' Declaration
Declaration of the Senior-most Officer in the Financial Field

I, **Mr. Tal Aharon Levi**, declare that:

- (1) I examined the periodic reports of Nano Dimension Ltd. (formerly Z.B.I. Ltd) (hereinafter: the "**Corporation**") for 2014 (hereinafter: the "**Reports**");
- (2) To my knowledge, the Reports do not include any incorrect representation of substantive fact and do not lack presentation of any substantive fact required in order that the representations included therein, in light of the circumstances in which those same representations were included, not to be misleading in regards to the period of the Reports;
- (3) To my knowledge, the financial statements and other financial information included in the Reports duly reflect, from every substantive standpoint, the financial condition, operational results, and cash flow of the Corporation for the dates and periods which the Reports address;
- (4) I disclosed to the Corporation's auditor, the board of directors, and the audit committee of the Corporation's board of directors, any fraud, whether substantive or non-substantive, in which the chief executive officer or anyone directly subordinate to him is involved or in which other employees are involved who have a significant role in financial reporting and disclosure and control thereof.

Nothing the aforesaid shall derogate from my liability or that of any other person under any law.

March 30, 2014

Date

Tal Aharon Levi, Director of Finance