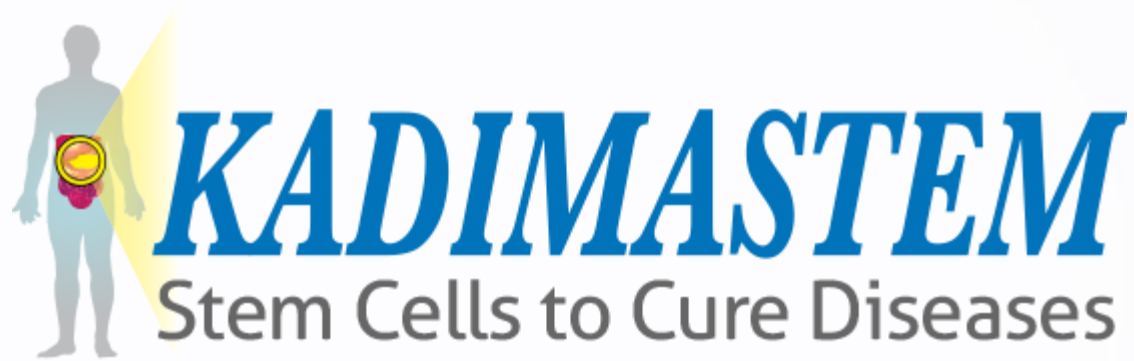




Presentation to the Capital Market May 2013

This presentation was prepared for the sake of summary and convenience only and it cannot replace a reviewing of the prospectus of Kadimastem Ltd.'s public offering (hereinafter: "**the Company**").

This presentation contains projections, estimates and assessments, as are known to the Company at the time of preparation of this presentation, referring to the Company and including, inter alia, forward-looking information as defined in the Securities Law, 5728 – 1968, based on subjective estimates on the part of the Company in respect of its development potential and based on initial information and documents the Company received from professional entities relevant to the Company's development plans.

Forward-looking information is uncertain and mostly is not under the Company's control and the realization or non-realization of forward-looking information will be affected, among other things, by the risk factors characterizing the Company's activity, as well as developments in the general environment and external factors affecting the Company's activity. The Company's results and achievements in the future may differ materially from those presented in this presentation and the Company makes no undertaking to update or revise such projection or estimate and does not undertake to update this presentation.

This presentation does not constitute a proposal to purchase the Company's securities or an invitation to receive such offers. Investment in securities in general and in the Company in particular bears risks. One should take into account that past performance does not necessarily indicate performance in the future.

Kadimastem aspires to find cures for diseases that affect the quality of life and life expectancy, based on advanced technology which was developed by the Company, in the field of embryonic stem cells, focusing on diabetes treatment

- Year of establishment: 2009
- Founders: Yossi Ben Yossef and Professor Michel Revel (Israel Prize laureate, one of Interpharm's founders, developed the blockbuster drug REBIF® (Merck Serono))
- Areas of activity:
 - Developing a drug for diabetes based on turning embryonic stem cells to insulin or glycogen producing cells and implanting them in the patient's body
 - Screening and discovering new drugs for leading pharmaceutical companies through an outsourcing model (a revenue engine intended to support the research and development programs).
- Agreement with the Merck Serono for drug screening for multiple sclerosis

- The Company's offices span 1,700 square meters and include two clean rooms
- The Company has 30 employees, including 24 researchers (11 PhD's)
- Management is comprised of professionals with extensive experience in the biotech industry
- The Company operates at industrial standards with constant reference to regulatory requirements



- Investments in the Company:
 - Around 7.4 million dollars from private investors (the Company's founders as well as Julien Ruggieri, Dov Shafir, Ami and Vered Lidor, Yitzhak Stabinsky, Gad Ichaki, Dr. Fisher, Modi Segal)
- The Company has received Research and Development grants from the Chief Scientist Office, for two approved programs.
 - To date the Company has received grants of around 2.4 million dollars
 - Grants of around 1.2 million dollars have been approved for 2013
- The Company has close ties with Israel's leading scientific institutions (Hadassah and the Weizmann Institute of Science)
- The Company expects to reach significant milestones in 2014 and 2015 in the field of diabetes
- Initial contacts regarding a merger with the aim of becoming a leading company in the field of diabetes treating products

What Are Stem Cells

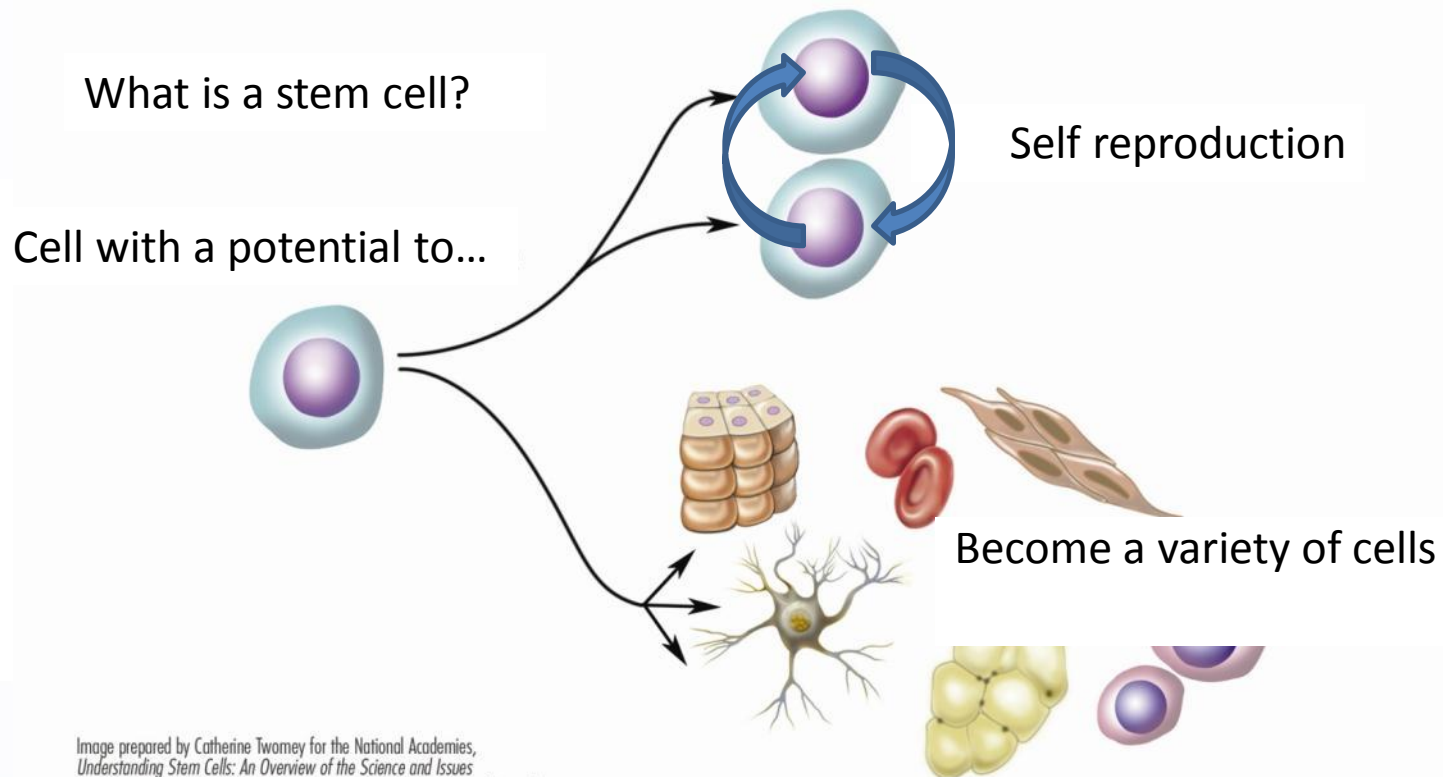
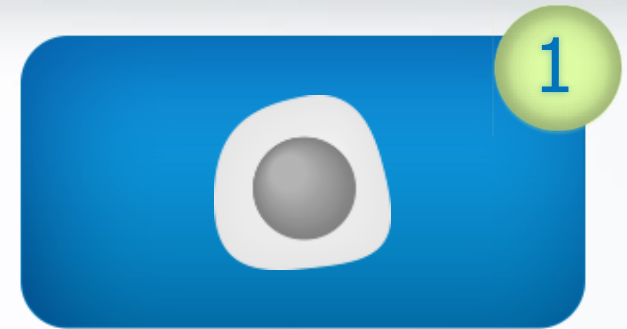


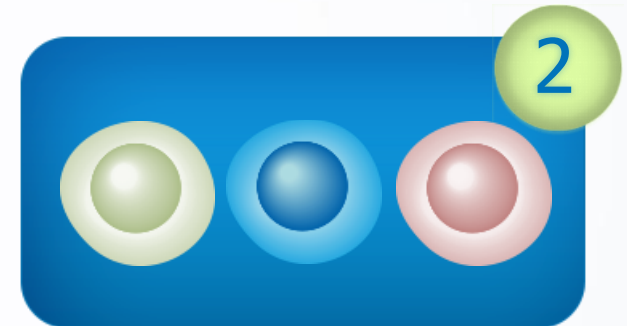
Image prepared by Catherine Twomey for the National Academies, *Understanding Stem Cells: An Overview of the Science and Issues* from the National Academies, <http://www.nationalacademies.org/stemcells>. Academic noncommercial use is permitted.

The Technological Platform

Production, expansion and storing of pluripotent stem cells on an industrial scale

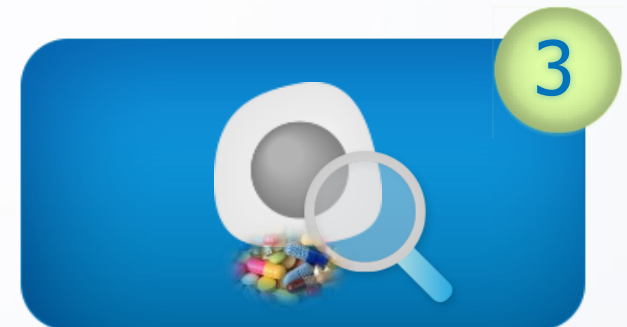


Differentiation to functioning cells

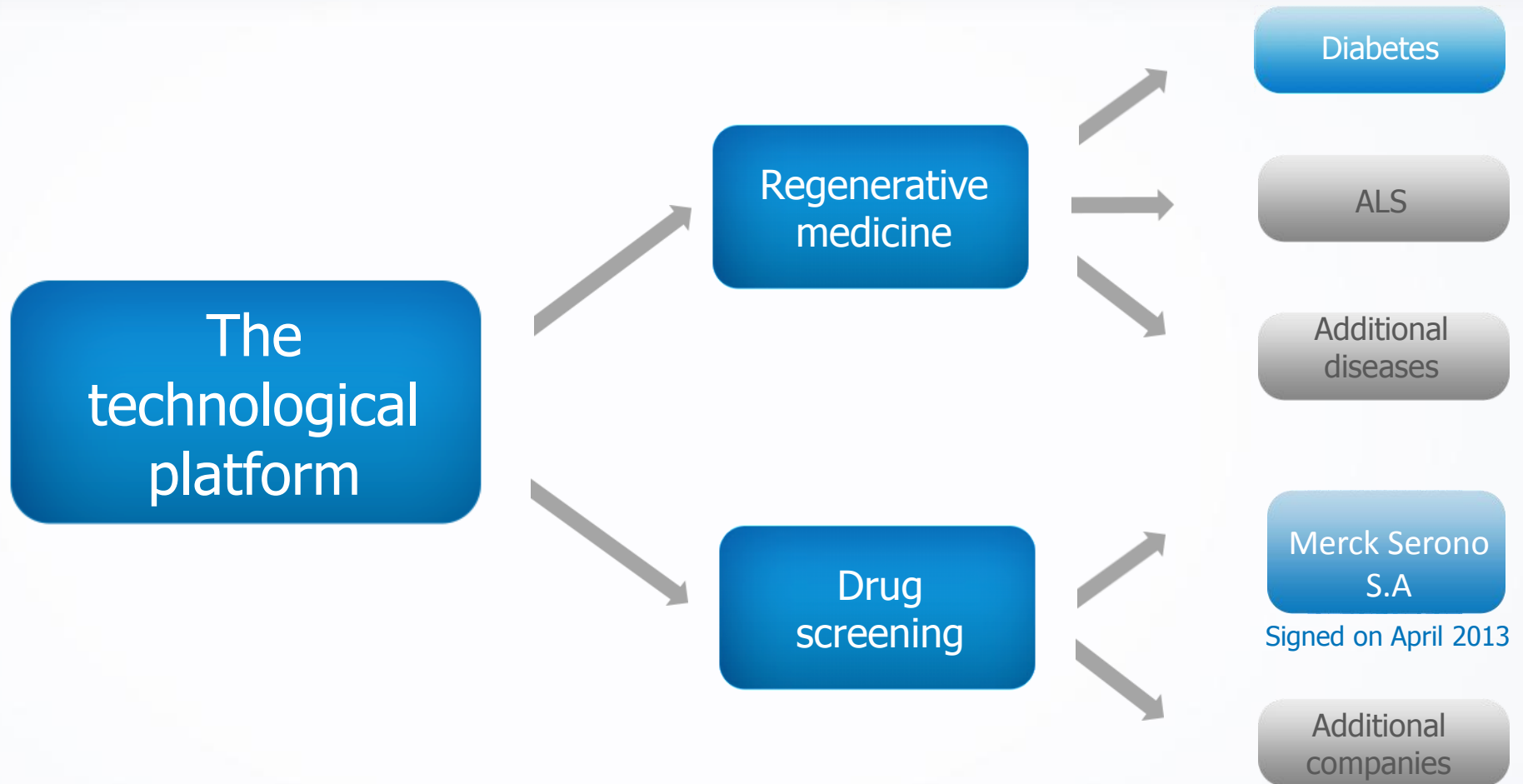


Drug screening technologies

- A platform for examining the efficacy and safety of chemical substances with potential to act as a drug



Areas of Activity



Existing project



Goals

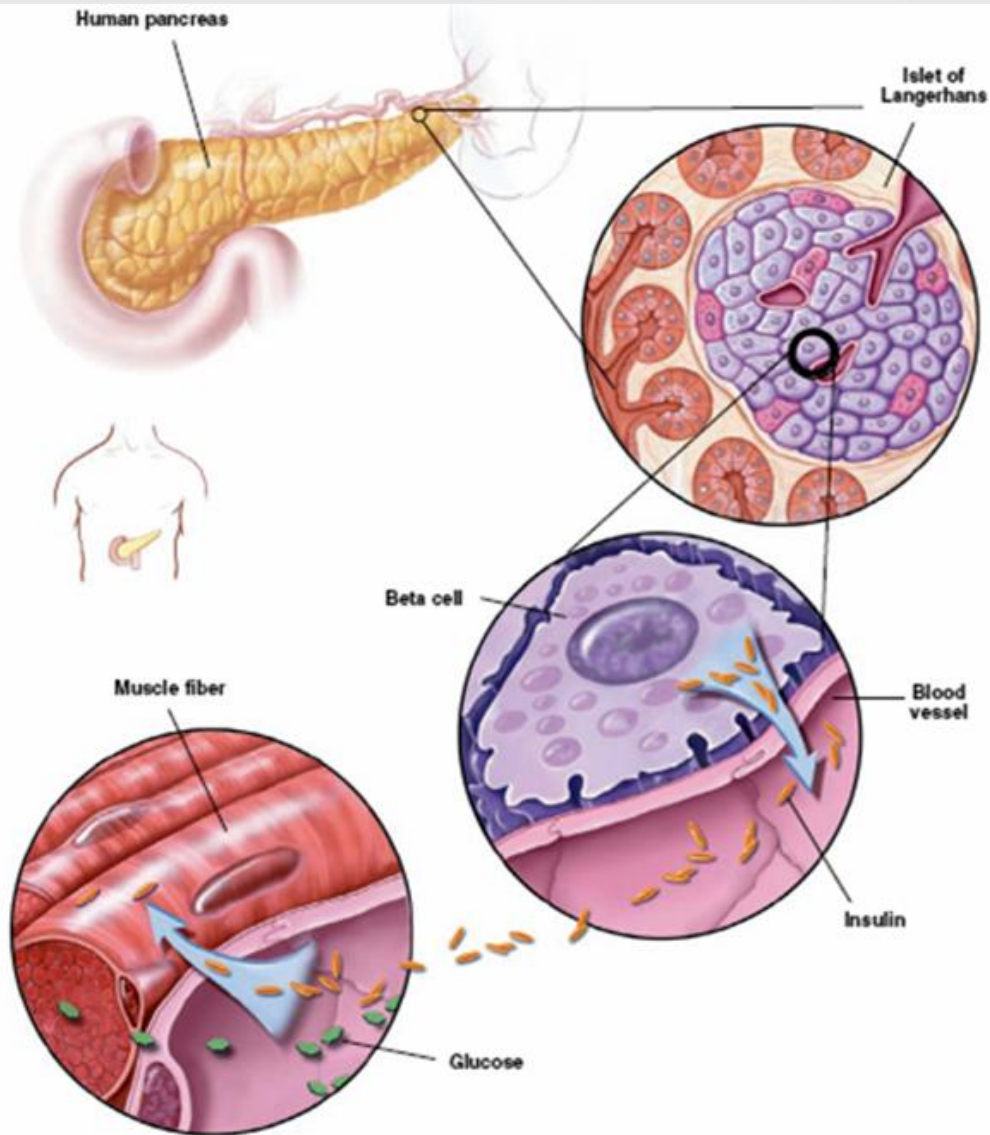


First Area of Activity – Regenerative Medicine

DIABETES

Islet of Langerhans production (including insulin secreting cells) from stem cells and their transplantation in the patient's body

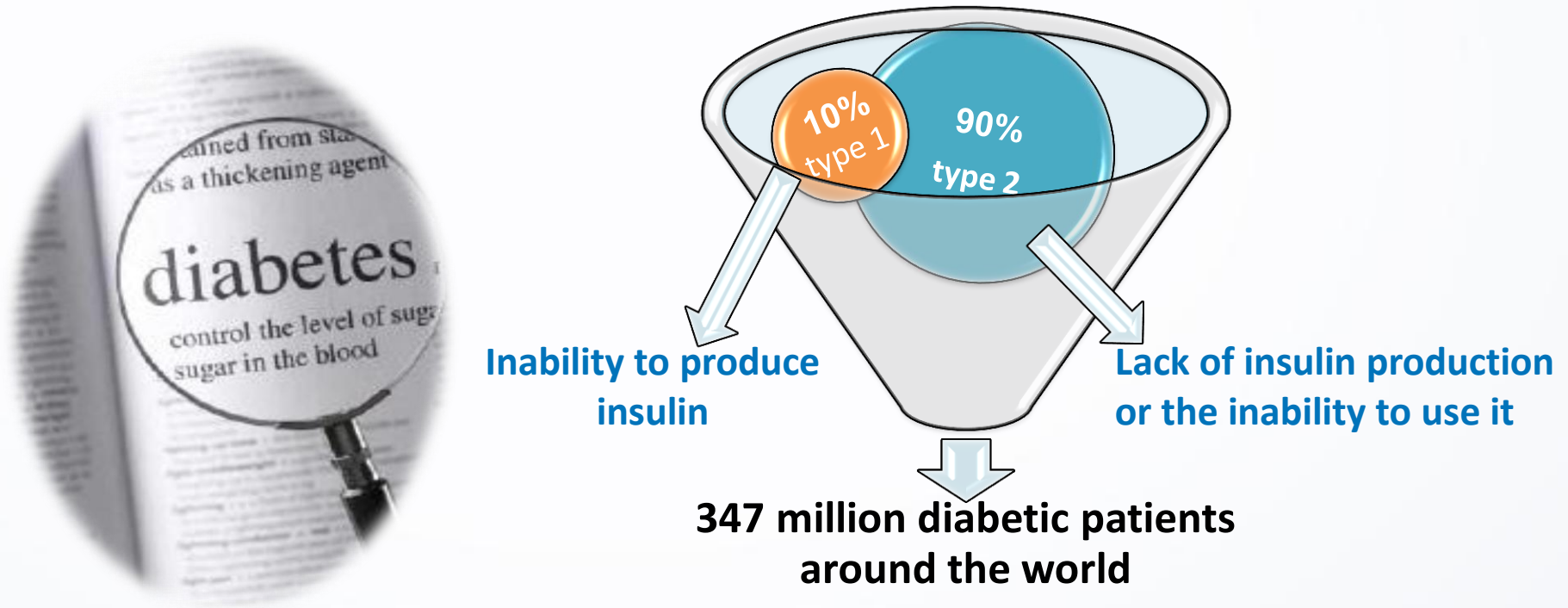
Diabetes – the Disease



- A disease group characterized by excessive levels of blood sugar as a result of the body's inability to produce insulin or use it effectively
- Insulin – a hormone secreted from beta cells in the pancreas, responsible for lowering glucose levels in the blood
- The absence of insulin causes an excessive blood glucose level that may cause extensive cumulative damage

Diabetes – About the Disease

- Approximately 90% of diabetes patients are type 2 (the disease linked to overweight and an inactive lifestyle)
- Approximately 10% of diabetes patients suffer from type 1 (also known as Juvenile Diabetes). This is a disease of the immune system, causing the destruction of the patient's beta cells



- ❖ The World Health organization determined that there are 347 million diabetics around the world (type 1 and type 2).
- ❖ The target market for the Kadimastem's drug includes the type 1 diabetes patients (around 10% of diabetes patients) and around 30% of type 2 diabetes patients (who lack the ability to produce or use insulin). This is approximately 128 million patients worldwide.
- ❖ Today the market size of regenerative medicine for treating diabetes (including drugs, suppliers of growth materials and media for cells as well as direct expenses for Islet of Langerhans transplants) is estimated at about 3.4 billion dollars.

Source: the American Diabetes Society (diabetes.org), the World Health Organization (who.int), the International Diabetes Federation (idf.org) and a market study conducted by the MedMarket Diligence company from 2010 (<http://www.mediligence.com/rpt/rpt-d510.htm>)

Diabetes – Existing Treatments

Advantages and disadvantages:

Ongoing monitoring of blood glucose levels and injecting insulin accordingly

- An artificial injection of insulin does not prevent the progress of the disease, or its damages over time
- Difficulty in balancing diabetes patients in terms of glucose levels (diet, physical activity, daily life)
- Dangerous states of diabetes (hyperglycemia) and “sugar level drops” (hypoglycemia)

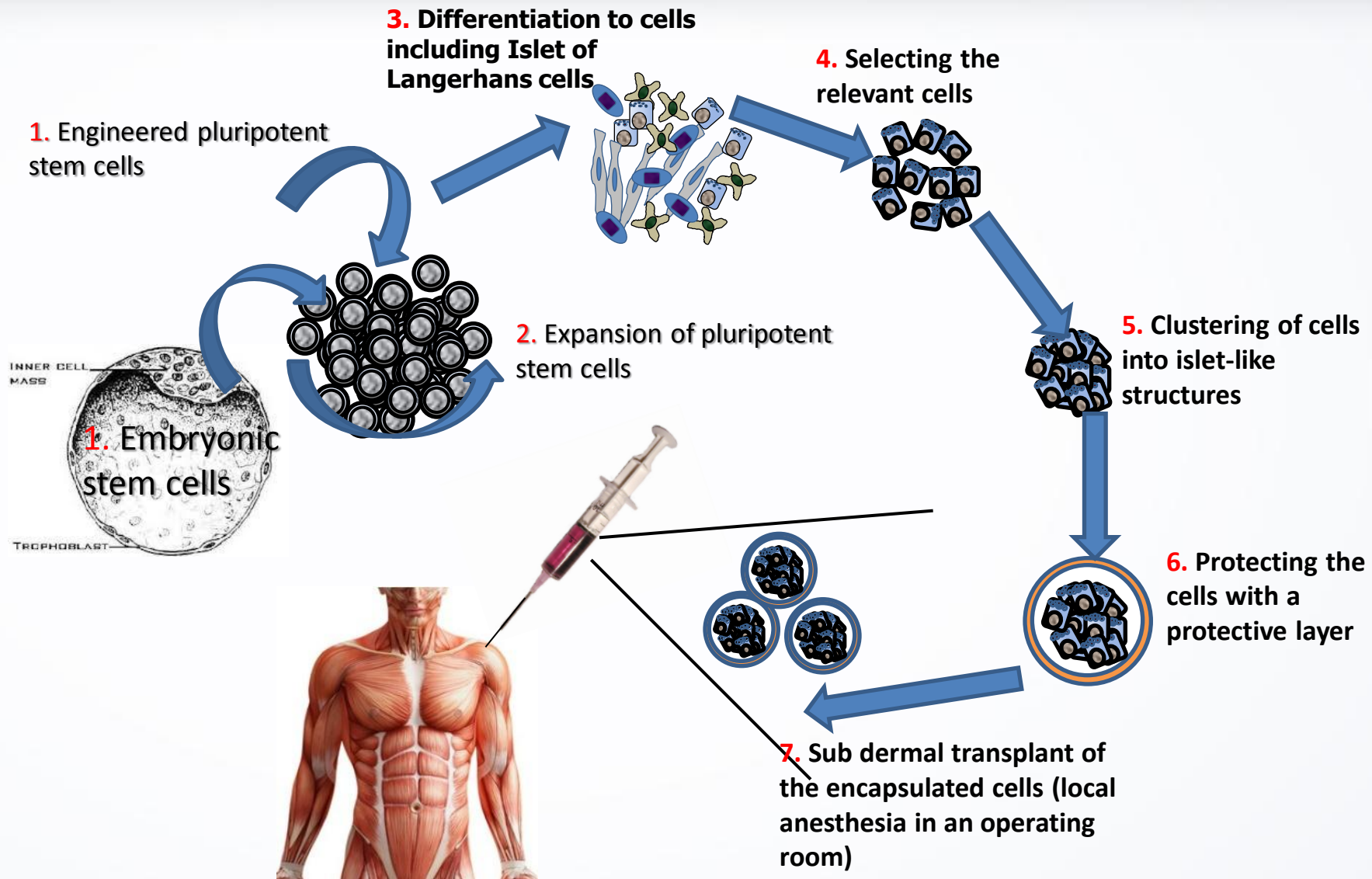
Transplant of beta cells from organ donations

- **Feasibility proof of concept regarding treatment using beta cells transplant**
- Shortage in sufficient organ donations
- Need for constant care using immunosuppressant drugs to prevent the rejection of the transplant (dangerous for transplant patients)

The drug developed by Kadimastem

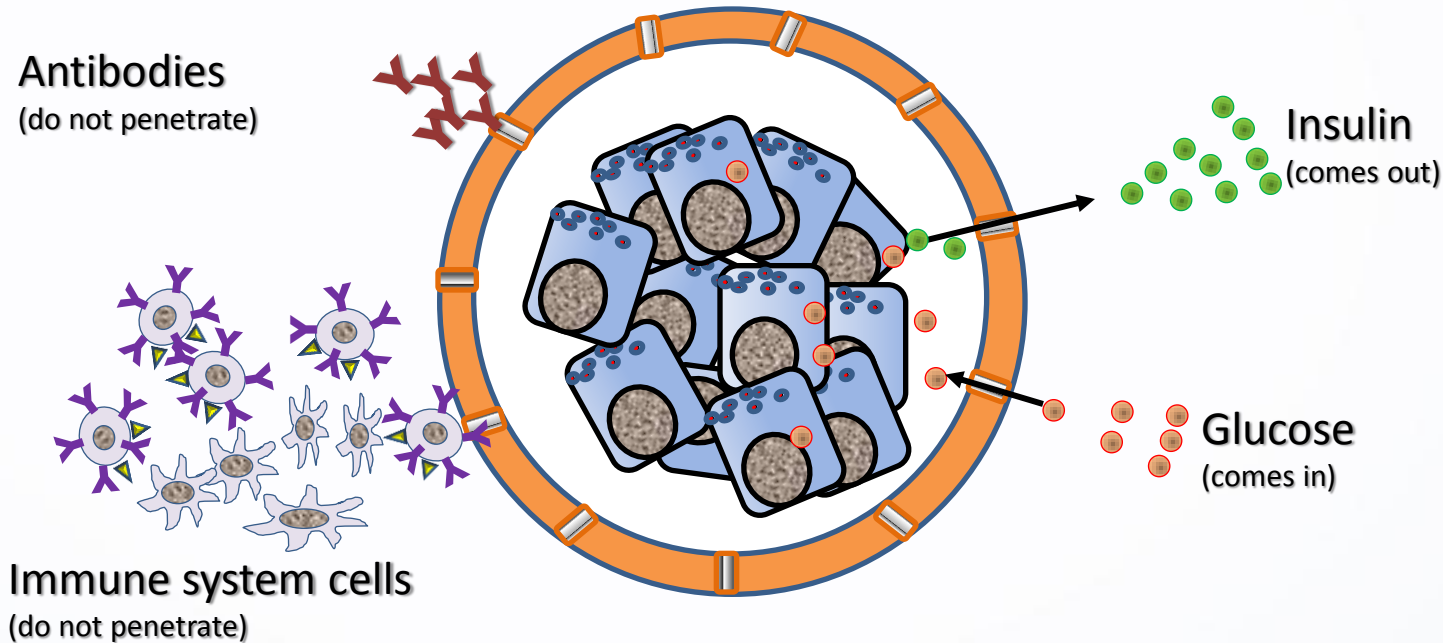
Producing Islet of Langerhans (including insulin secreting cells) from stem cells and their transplant in the patient's body enables:

- **Restoring the production capability and controlled release of insulin by the recipient (for a certain period)**
- **Restoring production capability and controlled release of glycogen (to avoid events of dangerous "sugar level drops")**
- **Obviates the need for monitoring blood sugar levels and insulin injections**
- **Significant improvement in the patients' quality of life**
- **Eliminates the life threatening consequences of diabetes and of "blood sugar level drops"**



Encapsulation (protective coating for cells)

- Protecting the transplanted beta cells from the patient's immune system
- Entry of oxygen and nutrients essential for the cell's existence
- Entry of glucose
- Exit of insulin that will be secreted according to the blood glucose levels



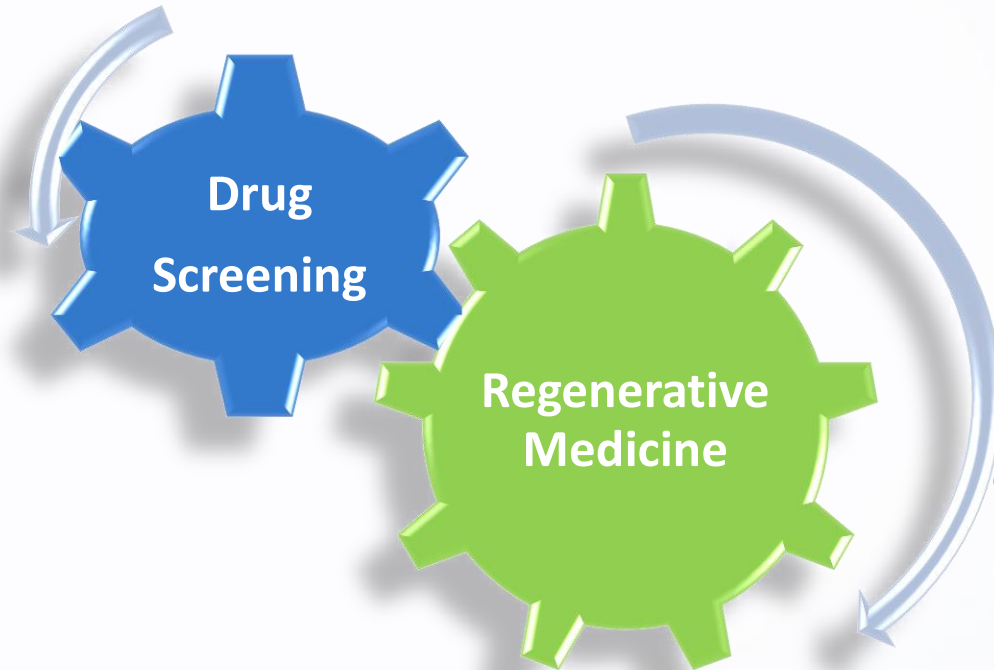
Diabetes – Additional Players in the Market

Company	Product	Stage of Development
Treatments based on differentiated stem cells		
ViaCyte	Pancreatic cells from embryonic stem cells transplanted in a capsule	Clinical trials stage 1 in type 1 diabetic patients expected to begin in 2014
Novo Nordisk	Production of beta cells from stem cells	Early pre-clinical
Medistem	Production of beta cells from adult stem cells	Early pre-clinical
Treatments based on non-differentiated stem cells		
Cellonis Biotechnology	Adult non-differentiated stem cells	Clinical trials in China
Mesoblast (Teva)	Adult non-differentiated stem cells	Clinical trials stage 1 in type 2 diabetic patients
Treatments based on stem cells for suppressing the immune system in type 1 diabetic patients		
Escape Therapeutics	Treatment based on embryonic stem cells for suppressing the attack on the beta cells by the immune system	Early pre-clinical
Osiris Therapeutics	Treatment based on adult stem cells for suppressing the attack on the beta cells by the immune system	Clinical trials stage 2 in type 1 diabetic patients
Treatments based on adult pancreatic cells		
Islet Sciences	Pig pancreatic cells transplanted in a capsule	Clinical trials stage 1 in type 1 diabetic patients expected to begin in 2013
Living Cells Technologies	Pig pancreatic cells transplanted in a capsule	Clinical trials stage 1 in type 1 diabetic patients

The drug screening engine reduces dependence on outside funding

Goal

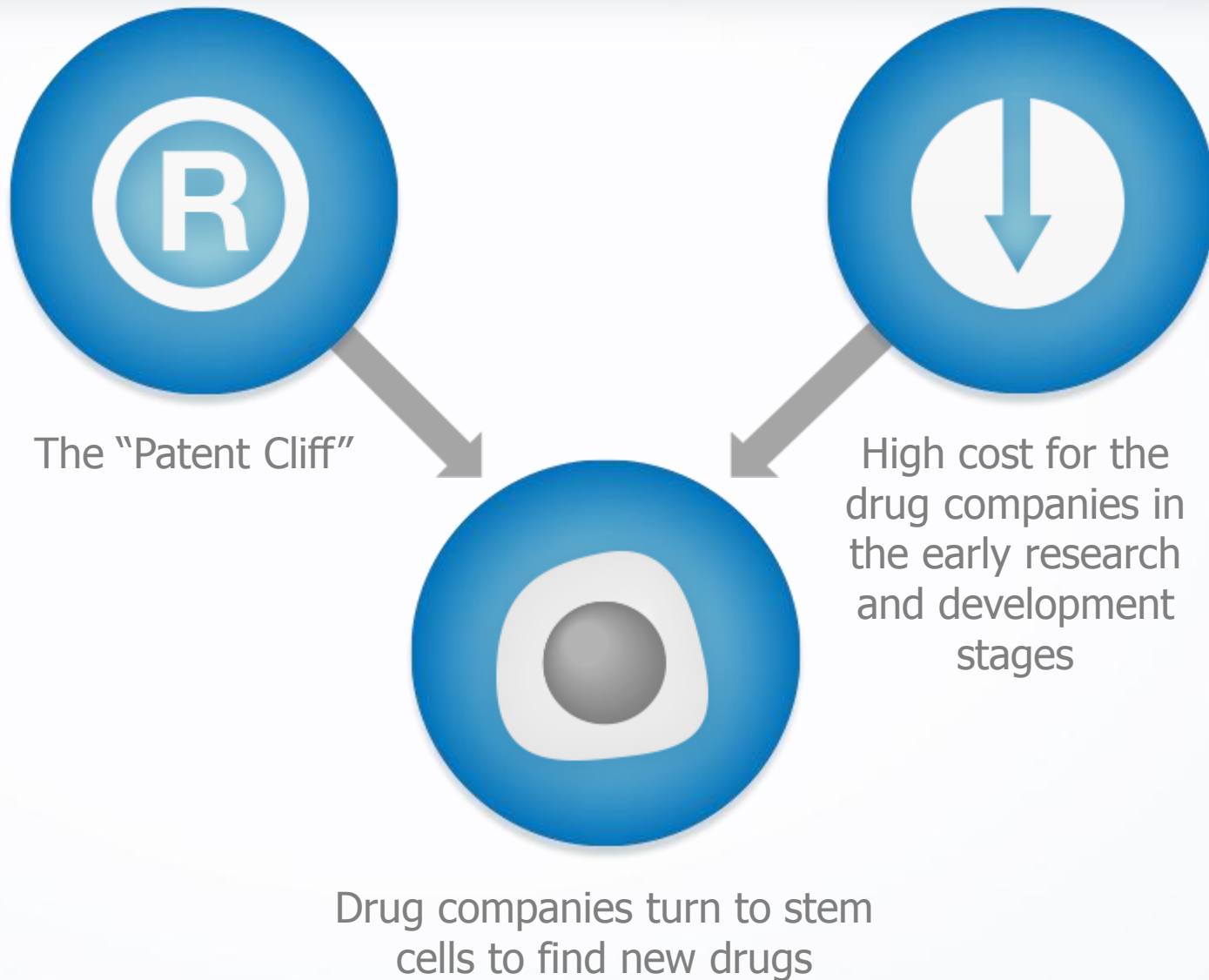
- Helping drug companies locate effective molecules for continued development of the drug



Goal

- Developing treatments based on stem cells

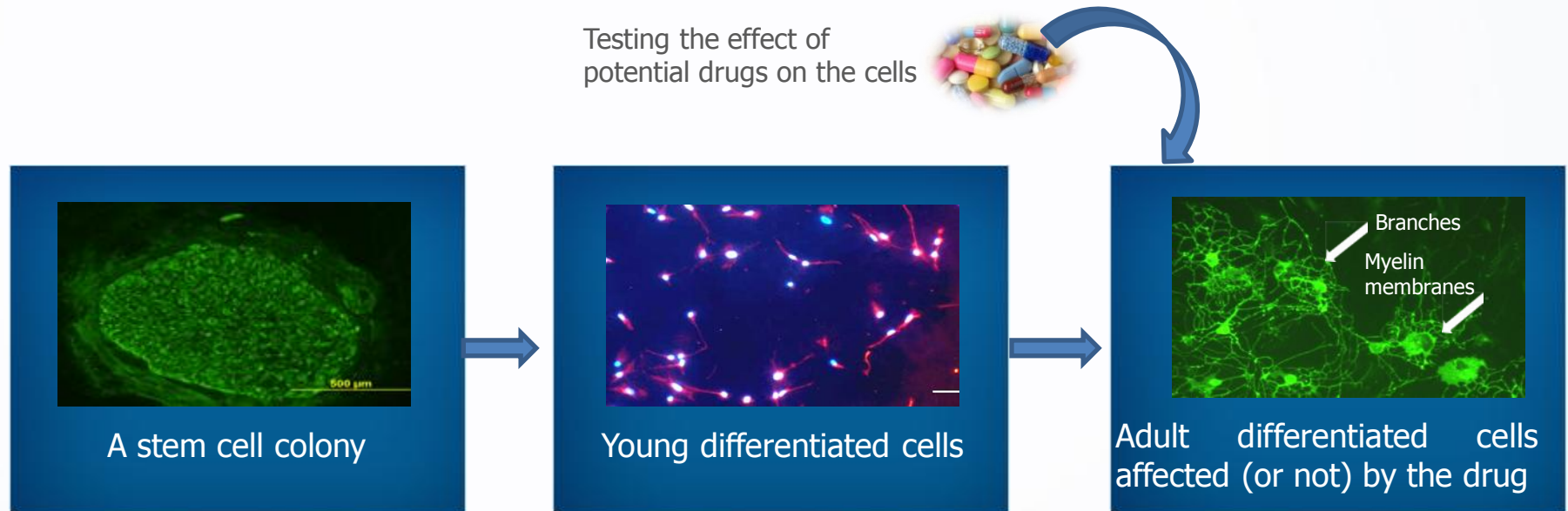
Kadimastem's Advantage in Stem Cells



Second Area of Activity – Drug Screening and Discovery

Kadimastem's technology at the service of the pharmaceutical companies

- Production of specific functional cells from stem cells
- Creating simple models for drug activity that can be quantified in an imaging based system
- Testing how potential drugs affect the models



- Creating revenue from this field intended to help finance the regenerative medicine activity

The First Collaboration Agreement The Merck Serono Company

- Goal: using myelin producing cells developed by Kadimastem for locating a drug for multiple sclerosis.
- The nature of the agreement: collaboration (non-exclusive). Merck Serono provides potential drugs it wishes to test.



- Date of signing: April 2012
- Duration of the agreement: 5 years
- The Company intends to develop connections and open negotiations with additional drug companies.

☐ **Milestones**

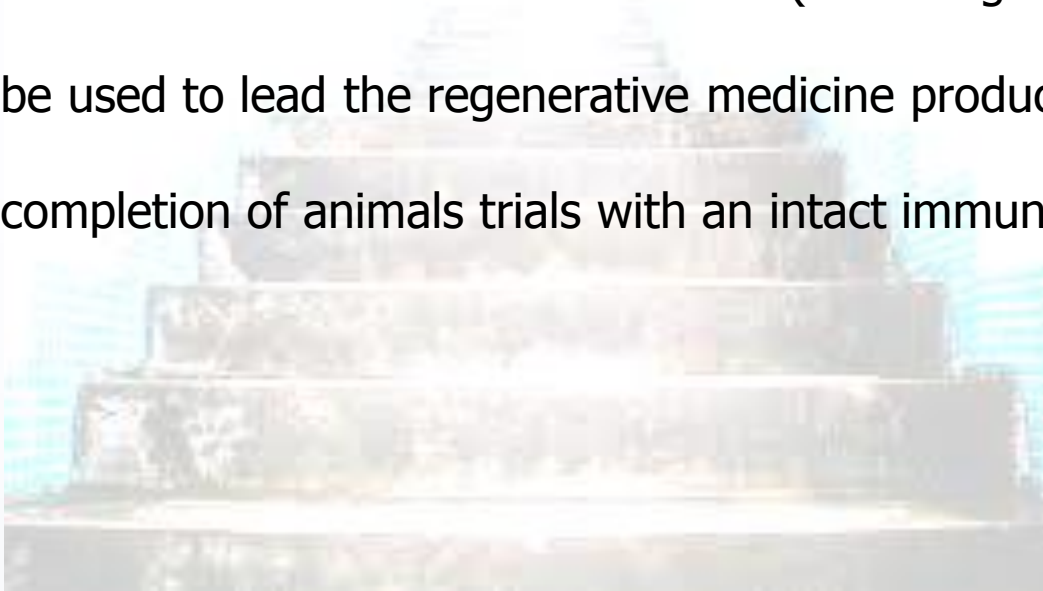
- ☒ Initiate animal testing
- ☐ Completing animal testing on animals with a defective immune system – 2014
- ☐ Finishing animal testing on animals with with an intact immune system – 2015

☐ **Strategy**

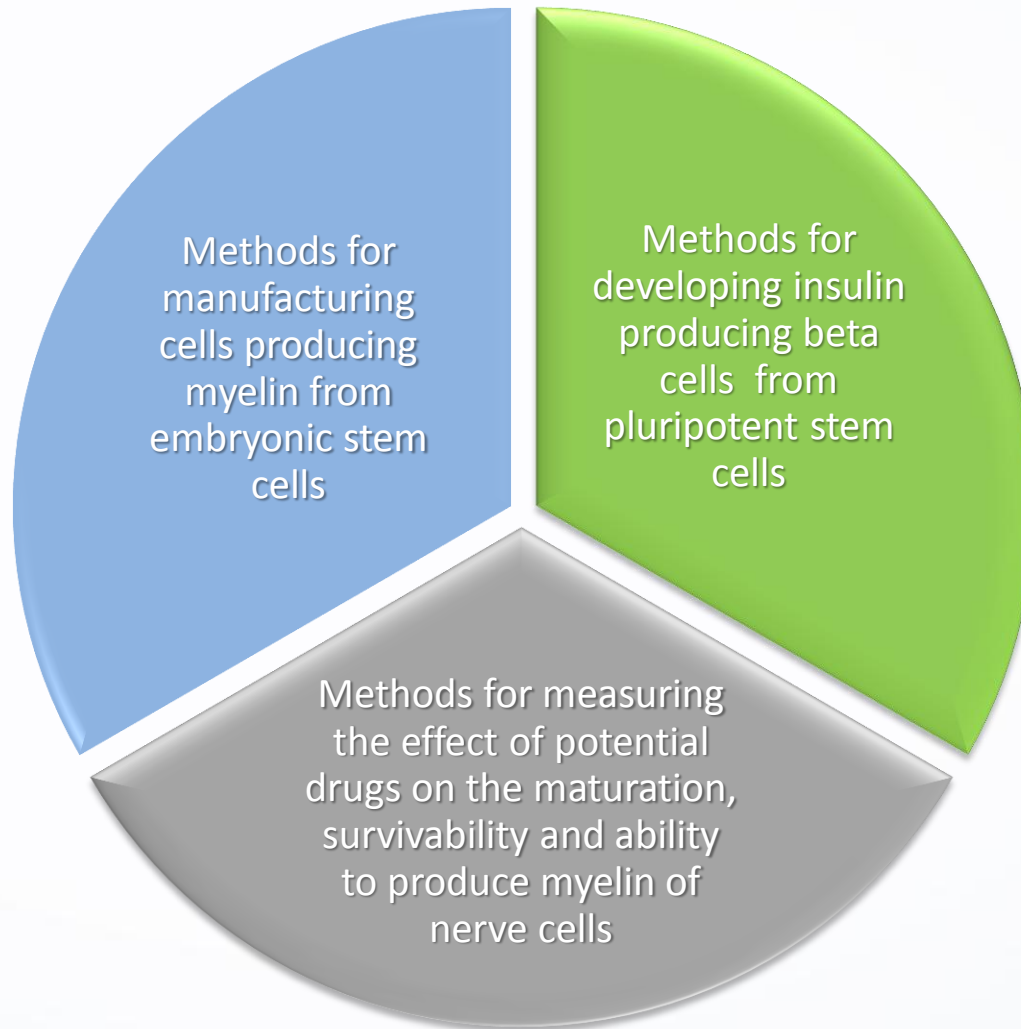
- ☐ Entering into a drug screening agreement with additional drug companies
- ☐ The Company intends to shorten the schedule and the project costs by purchasing licenses and through mergers in Israel and overseas
- ☐ Entering into an agreement with a strategic partner for the development of diabetes medication
- ☐ Examining the development of medical products for the treatment of neuronal degenerative diseases

Use of Proceeds

- Operation of the clean rooms for the manufacturing of cells under GMP
- A robotic system for handling liquids in small volumes (for the purpose of expanding the ability in the field of drug screening)
- Most of the IPO proceeds, revenues from drug screening activities and grants from the Office of the Chief Scientist (assuming the support will continue) will be used to lead the regenerative medicine product for diabetes towards completion of animals trials with an intact immune system (by the end of 2015)



Patent Registration Requests



Yossi Ben Yossef – CEO

- Founded Kadimastem in 2009
- 12 years of experience in leading investments and building start-up companies in the field of life sciences
- Investment and active involvement in Evogene, Webel, Radvision, Rosetta Genomics, BiondVax, Comfi, Wisecom



Professor Michel Revel – Chief Scientist

- Founded Kadimastem in 2009
- Professor Emeritus of molecular genetics at the Weizmann Institute
- Israel Prize laureate
- Over 30 years of experience in development and global commercialization of advanced biotechnological products
- Developed Merck's REBIF® drug for multiple sclerosis (2.2 billion dollars in sales in 2011)



Dr. Arik Hasson – Senior VP for R&D

- Over 14 years of experience in the biotech world in Israel and in Canada with specialization in medical applications of stem cells
- The former development manager at Gamida Cells, where he took part in the initial development of the StemEX® product now found in stage 3
- One of the founders of the “Genesis” consortium, supported by the Chief Scientist, uniting companies focusing on stem cell treatments



Yehuda Feinberg - CFO

- Over 20 years of experience in financial management and planning, operation and business consulting in start-ups and established companies in the biotech and high-tech fields.
- Previous positions include senior management positions in companies such as Nice Systems, Pelephone, Rosetta Genomics.
- Yehuda has a BA in Economics from Rutgers University in New Jersey and an MBA from the Hebrew University.



Ran Kamienchik – VP Business Development

- Diverse international experience in large drug companies and in start-ups in the biotech field.
- Previous positions include Marketing and sales at Teva and international and Executive Director commercialization manager at Rosetta Genomics (NASDAQ:ROSG).
- Was in charge of building an international partners network and managing them in the US, Canada, Australia, India and Israel.



Board of Directors

Name and position on the Board	
Dr. Eli Oppen Director (Chairman after the offering)	• Chief Scientist at the Ministry of Industry, Trade and Labor 2002 – 2011 • President of the Eureka Investment Fund • Manager at the Giza Fund • 27 experience at Rafael. In his last position was VP of R&D • Honorary doctor ate from the Technion
Yossi Ben Yossef Chairman of the Board (until the offering)	CEO of Kadimastem
Professor Michel Revel Director	CSO at Kadimastem, Professor Emeritus at the Weizmann Institute of Science
Julien Ruggieri Director	• Julien Ruggieri serves as director of the Monro company, an investment entity based in Luxemburg owned in full by the Batipart Group. • Serves as Chairman of the Board of Directors of Fond Light Ltd., Maelys Sa. • Vice Chairman of the Board of Directors of Jardiland SA. • Serves as Vice Chairman of the Board of Directors of Proméo SA, Delta Car Trade SA, Onomo International
Ofar Haviv Observer	• CEO of EVOGEN
Adv. Amir Neiberg Observer	• CEO of “Yeda”, the Weizmann Institute’s commercialization company
Dr. Anat Zisman Observer	• CEO of Hadasit, the commercialization company of the Hadassah Medical Center in Jerusalem
Olivier Samuel Observer	• CEO of ADOM SANTÉ , Strasbourg, France.

Name and position on the Board	
Professor Michel Revel Chairman	• CSO at Kadimastem, Professor Emeritus at the Weizmann Institute of Science
Professor Binyamin Reubinoff	• Manager of the Embryonic Stem Cell Research Center at the Hadassah Medical Center • Manager of the Gynecology and Obstetrics Department at the Hadassah Medical Center • Professor Reubinoff is one of the world pioneers in embryonic stem cell research
Professor Eddie Karnieli	• Manager of the Endocrinology, Diabetes and Metabolism Institute at the Rambam Medical Center in Haifa • Professor Karnieli's areas of research focus on the molecular mechanisms enabling the regulation of glucose levels in cells and the implications on diabetes, obesity and insulin resistance
Dr. Danielle Melloul	• Senior researcher at the Endocrinology and Metabolism Center at the Hadassah Medical Center • Dr. Melloul's areas of research focus on the insulin expression mechanisms in pancreatic beta cells and the effect of hyperglycemia on the performance of beta cells

- Kadimastem aspires to be a leading company in the field of regenerative medicine for the treatment of diabetes
- The Company's goal is to develop products for the treatment of terminal diseases, with an emphasis on diabetes, who will be revolutionary in terms of their efficacy and the improvement in the patients' quality of life
- The success of animal trials and feasibility proof of concept may enable an agreement with a large company for the joint development of a drug in regenerative medicine
- The field of stem cells attracts scientific acknowledgment (2012 Nobel Prize).
- The Company has a first commercial agreement in the field of drug screening with Merck Serono
- The Company is led by professionals experienced in their field
- The Company's Chief Scientist has proven success in developing a blockbuster drug

Thank you for your
attention!