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Gencell Ltd.

Quarterly Report as of September 30, 2022

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Board of Directors' Report Regarding the State of the Company's Affairs for the Nine Month Period Ended September 30, 2022

The Company's board of directors is honored to present the board of directors' report regarding the state of the Company's affairs for the nine month period ended September 30, 2022 (the "**Reporting Period**" and the "**Reporting Date**", respectively), and for the three month period ended September 30, 2022 (the "**Quarter**"), in accordance with the Securities Regulations (Periodic and Immediate Reports), 5730-1970 (the "**Reports Regulations**").

All of the data presented in this report refer to the interim financial statements, unless noted otherwise.

The board of directors' report includes a limited review of the issues covered herein. It is hereby clarified that the description which is included in the board of directors' report includes only information which the Company considers material information, and that it was prepared based on the assumption that the reader is in possession of the periodic report for 2021, including the board of directors' report for that year, as published on March 30, 2022 (reference number: 2022-01-032313). The above constitutes inclusion by way of reference (the "**Periodic Report for 2021**") and the board of directors' report as of June 30, 2022, as published on May 30, 2022 (reference number: 2022-01-110347). The above constitutes inclusion by way of reference (the "**Board of Directors' Report as of June 30, 2022**").

1. Board of Directors' Remarks Regarding the Corporation's Business Position, Operating Results, Equity and Cash Flows

1.1 Description of the Company and its business environment

The Company is a producing technology company which is engaged in the planning, development, production, marketing and provision of after sale services for alkaline fuel cell-based backup and power supply systems featuring the production of green energy without creating carbon dioxide emissions, in response to the growing need for green energy as an alternative to internal combustion engines based on oil substitutes. The Company's systems are designed to provide uninterrupted power supply solutions for critical points in the economy, and mobile electricity solutions for geographical regions which are not connected to the power grid. The Company has installed and sold its systems to strategic customers, and is currently in the feasibility stage vis-à-vis customers who are evaluating the systems' performance as a precondition for making significant purchases. As of the reporting date, the Company employs 147 employees, an increase of approximately 20% relative to the end of 2021, including experts in the field of alkaline fuel cells.

During the quarter the Company recorded significant progress in its activities, both on the business-strategic level and on the technological level in terms of the research and development of its systems, as described below:

On the business-strategic level -

As described below, during the quarter the Company continued developing infrastructure for collaboration, including several joint installations in Israel and around the world with other leading players in the Company's areas of interest, including telecom companies, electric and energy companies, and electric vehicle charging companies, in order to create an infrastructure for marketing the Company's systems in accordance with possible commercial agreements between the Company and other international companies. The Company expects that the current order backlog, together with the continued success of installations (POC) for customers and business collaborations, will help the Company increase its revenues in 2022, relative to 2021.

A. As part of the Company's marketing and sale efforts in the US market, and in order to ensure the Company's competitive advantage within the local market in the US, on November 4, 2022, the Company entered into a framework agreement regarding a strategic collaboration with Linde Gas & Equipment Inc. ("**Linde**"), an American industrial corporation which is engaged, inter alia, in the provision of hydrogen (the "**Collaboration Agreement**"). In accordance with the collaboration agreement, the parties will collaborate on formulating a plan for the marketing and sale of its various products, and particularly hydrogen gas, which will be tailored to the specific needs of the Company's customers, and marketed together with the Company's GenCell BOX™ systems as a single package providing a comprehensive solution for the different needs of the Company's customers in the United States, as they stand from time to time. For additional details, see the Company's immediate report dated November 6, 2022 (reference number 2022-01-133201). The above constitutes inclusion by way of reference.

B. Further to that stated in section 12.4 in Chapter A of the Company's periodic report for 2021, regarding the Company's intention to enter the electric vehicle charging segment in locations where electric vehicle charging is required and the power grid is insufficient or non-existent, and in light of the increasing demand for autonomous and hybrid charging stations, on September 14, 2022, the Company announced the launch of the EVOX™ system, a hybrid and autonomous product which is capable of producing electricity without depending on the power grid and alternative energy sources, and without emitting any pollutants. The EVOX™ was developed based on the Company's proven hydrogen-based fuel cell technology – BOX, and combines the electricity production capability in the Company's fuel cells (fueled by hydrogen), the use of energy from the power grid (insofar as a connection exists), and the use of lithium battery storage energy solutions, while connecting and managing those energy sources using a unique software program developed by the Company. EVOX™ is a solution which guarantees energy availability for electric vehicle charging purposes throughout all hours of the day, without depending on the power grid or solar or wind energy, and which allows providing a response to the increasing demand for autonomous electric vehicle charging stations in locations where the electrical infrastructure is sufficient or nonexistent,

and also allows increasing the capacity to charge a larger number of electric vehicles. For additional details, see the Company's immediate report dated September 14, 2022 (reference number 2022-01-117157). The above constitutes inclusion by way of reference.

C. In accordance with the collaboration agreement with E.V. Motors Ltd ("**EV**"), EV acquired, through a subsidiary under its control, EVOX™ fuel cell systems which were adapted to the specific needs of EV's hybrid vehicle charging systems, in order to work together on the construction of hybrid charging stations for electric vehicles throughout Israel. It was also agreed between the parties that the Company will provide the planning and construction services for the aforementioned charging stations, in exchange for consideration which was determined between the parties in advance. The estimated consideration which the Company expects to receive with respect to the aforementioned sale of its systems amounts to approximately USD 5 million, of which approximately USD 2.7 million was recognized during the quarter, and the remainder is expected to be recognized in the fourth quarter of 2022. For additional details regarding the engagement with EV, see Note 3A to the interim consolidated financial statements as of September 30, 2022, and section 12.4 in Chapter A of the periodic report for 2021, as well as the Company's immediate reports dated June 2, 2022 (reference number 2022-01-069163). The above constitutes inclusion by way of reference.

D. Further to the installation and supply of 74 REX systems for The Federal Electric Company of Mexico ("**CFE**") in 2021, the Company recognized, during the reporting period, revenue in the amount of approximately USD 675 thousand, and collected a total of approximately USD 2.8 million (as of the balance sheet date – approximately USD 2.95 million). The Company is also continuing negotiations with CFE management regarding the continued purchase, during the coming years, of the Company's systems, and the installation thereof in facilities in CFE's power grid. As of the reporting date, the loan which the Company provided to the local partner in Mexico has not yet been repaid, and its balance amounts to a total of approximately USD 2.7 million. On November 1, 2022, the Company and the local partner signed an agreement to settle debt and distribute the payments with respect to the loan by no later than April 1, 2025, in accordance with the amortization schedule which was determined between the parties. It is noted that the repayment of the loan is not dependent on any payments which will be received from CFE. As of the reporting date, the provision for expected credit loss with respect to this loan amounts to approximately USD 1.5 million. For additional details, see Note 3G to the interim consolidated financial statements as of September 30, 2022, and section 13 in Chapter A of the periodic report for 2021.

E. In the telecom market, the Company successfully completed, through SimTel TEAM, an energy and telecom provider for companies in Central Europe, a field trial at a mobile telecom site in Romania which is operated by Vodafone Telekom ("**VD**"), and in light of the reliable results of the trial, and the Company's ability to provide a solution which meets VD's requirements, VD intends to present the Company's systems to its various divisions. The Company is also engaged, in collaboration with Aicox Soluciones, a conglomerate of technology and telecom companies, in an agreement with a Spanish corporation which provides maintenance services for telecom towers, regarding the integration of the BOX system, as a first stage for significant potential orders. For additional details, se the Company's immediate reports dated July 26, 2022 and August 29, 2022 (reference numbers 2022-01-095116 and - 2022-01-109456, respectively). The above constitutes inclusion by way of reference.

F. The Company increased its operational efforts to strengthen and increase the efficiency of its production line in order to allow it to fulfill the Company's production forecast, and implemented an inventory policy which guarantees raw materials and items for continuous supply, in order to address the shortage of raw materials and logistical problems. During the reporting period, the Company received two machines for the electrode production line, which are currently in advanced stages of installation and configuration, and which will help the Company produce electrodes at higher rates, and support the production of electrodes for the Company's BOX and GenCell OX^{TM} systems. The Company estimates that the machines will commence operation in the fourth quarter of 2022, and will increase the electrode production capacity, while significantly reducing workforce, by virtue of their automatic functionality which is supported by advanced robotics, and that they will also reduce the potential depreciation which is caused during the electrode production process.

On the level of technology, research and development -

During the quarter, the Company continued investing significant efforts and resources in research and development, and made achievements which resulted in progress and breakthroughs in several areas, as described below.

A. The Company continued promoting the intensified development of the GenCell OX^{TM} fuel cell with a capacity of 10KW, which will allow it to expand its array of offered systems in its operating markets to a capacity of 10KW and above, and also to enter new markets in which it is not currently engaged. This system is being developed in accordance with the Company's plans, and during the reporting period the development of a prototype was completed, including the development of a new fuel cell based on a new electrode with significantly higher energetic efficiency than the current electrode, and which will thereby allow the Company to offer a system with a better cost to kilowatt ratio. The GenCell OX^{TM} system - a 10KW fuel cell operated in the Company's laboratories as part of the development plan. The Company expects to complete the development of the GenCell OX^{TM} system in 2023, and to begin commercially marketing it in 2024.

B. Further to the engagement in the strategic agreement with the Icelandic Telecom Company Neyðarlínan (the "**Icelandic Telecom Company**") which operates an emergency

communication service center in Iceland using hundreds of telecom sites, the parties completed a trial to test the operation of the GenCell FOX™ ("**FOX**") system at an active telecom site in which the FOX system supplies continuous energy 24/7 (the "**Trial**"). As of the publication date of the report, the Company is in negotiations with the management of the Icelandic Telecom Company regarding its potential purchase of the Company's systems in the coming years, and the installation thereof in its stations. For additional details, see section 29.9 in Chapter A of the periodic report.

C. As part of the strategic collaboration agreement which was signed with Deutsche Telekom ("**Deutsche Telekom**"), regarding the integration of the Company's fuel cell systems in some of Deutsche Telekom's telecommunication networks (the "**Collaboration Agreement**"), it was determined that Deutsche Telekom will evaluate the G5 system in accordance with a predetermined outline, to be carried out in two stages, whereby in the first stage a trial was conducted under a load simulating a cellular facility at the Company's site for around one week, which was completed in on November 10, 2021. In light of the success of the first stage, as described above, and in accordance with the provisions of the collaboration agreement, the Company was recognized as an official supplier of Deutsche Telekom, and the Company's G5 and BOX systems became products approved for purchase for all member companies of DT Group around the world. In the second stage, the parties began conducting a field trial of the G5 and Box systems in four active cellular sites of Deutsche Telekom, whereby during this period the evaluation of the system will continue under various work scenarios, which will be defined by the parties through integration of the system into the various transmission systems that are used by Deutsche Telekom. Additionally, in accordance with the collaboration agreement, in the parties conducted a field trial of the FOX system in Israel, involving two stages. The trial is being conducted in accordance with metrics which were determined between the parties. As of the publication date of the report, the parties have completed the field trial of the FOX system, where in the first stage the system successfully met the minimum conditions of 1,000 hours of continuous operation, while delivering the energy profile defined by Deutsche Telekom, and in the second stage the FOX system was tested in 4 series of progressive loads from 2KW to 4.5KW, while operating continuously, in which the system operated as required. The system operated under an extreme operating profile, as defined by Deutsche Telekom. In accordance with the provisions of the collaboration agreement, the FOX system became an approved product for purchase for all member companies of DT Group around the world. For additional details regarding the collaboration agreement with Deutsche, see section 29.10 in Chapter A of the periodic report, and the Company's immediate reports dated November 10, 2021 and September 12, 2022 (reference numbers 2021-01-095881 and 2022-01-116134, respectively). The above constitutes inclusion by way of reference.

It is clarified that the information and forecasts presented above, including the collaborations within the framework of the green ammonia project, if they materialize, the materialization of strategic collaborations with TDK, the Icelandic Deutsche Telekom, Linde, and others, regarding the sale of additional systems of the Company, the receipt of potential additional orders, and the assistance and promotion thereof in the Company's commercial processes, the Company's production capability, the ability to deliver its systems by the dates it has estimated, and the amount of forecasted revenues for 2022, constitute forward looking information, as this term is defined in the Securities Law, and these forecasts may not materialize, in whole or in part, or may materialize differently from the forecast. The Company's estimates and forecasts are based on the information which is currently available to the Company with respect to it activities, and are not under the Company's control.

1.2 Effects on the Company's business position

1.2.1 Coronavirus pandemic

Further to that stated in section 1.2.2 of the board of directors' report as of June 30, 2022, during the quarter the rate of infection and spread of the coronavirus decreased. There is still significant uncertainty regarding additional "waves" of infection, the imposition and/or lifting of restrictions, the process of vaccinating the population against the coronavirus, improving the effectiveness of vaccines against new mutations and/or strains of the coronavirus, and the development of effective drugs against the coronavirus, and in connection with the manner and duration of the recovery from the crisis, and the frequent changes occurring therein.

The Company believes that the continuation and intensification of the spread and/or the means to reduce such exposure could have negative effects on the Company's business affairs, activities and financial results. The possible implications, and the Company's risk factors due to a deterioration in economic conditions, including a recession, economic downturn, and economic uncertainty, may be reflected in the availability and dates of provision of raw materials, and sharp changes in the prices thereof, a workforce shortage, and accordingly, in reduced capability to produce and send the Company's systems to its customers.

1.2.2 Russia-Ukraine war

Further to that stated in section 1.2.2 of the board of directors' report as of June 30, 2022, as of the publication date of the report the is still ongoing, and there is currently a great deal of uncertainty regarding the continuation of the war, and it is impossible to predict when it will conclude. In response to the war, Western countries imposed various financial and economic sanctions on Russia, Belarus and their citizens, which remain in place as of the publication date of the report. The war has caused, and is still causing, adverse effects on economic activity around the world, with the most significant adverse effects, along with the sanctions which were imposed, as stated above, affecting the availability and prices of goods, various raw materials, and energy prices.

The Company receives development services from two service providers which are continuing to provide it with the services, and despite the sanctions which were imposed, as stated above, the Company has succeeded, as of the publication date of the report, in making bank transfers to the service providers' accounts in Russia. The Company also engaged with a Belorussian company which provides services involving the development of the catalyst in the FOX system, together with the Ukrainian service providers, which provide services involving the production of the Company's ammonia cracking unit. The effects of the war led to a temporary discontinuation of the services, and during the Reporting Period, the activity of the Ukrainian service providers was transferred to a new site in Turkey, from which the Company received the first systems which were ordered from those service providers. The Company has also begun producing the ammonia cracking systems in Taiwan, and building a trial site there.

1.2.3 **Impact of inflation and the interest rate increase on the Company's activity**

During the reporting period, the inflation rate passed the upper limit of the Bank of Israel's target. The price increase reflected, inter alia, the increase in global demand, the energy crisis in Europe, the ongoing disruptions in supply chains, the economic downturn in China, and the war in Ukraine. All of the above resulted in an increase in energy and commodities prices around the world, and in acceleration of the inflation rate in Israel and in many other countries. The spiraling inflation rate resulted in interest rate increases by some of the world's major central banks. As part of the central banks' response to the sharp price increases, some central banks (USA, UK, Israel, and others) began changing their tone regarding the outline of interest rate increases.

As part of the interest rate decisions which were made in 2022 and until proximate to the publication date of the report, the Bank of Israel decided to increase the interest rate to 3.15%, from 0.1%, its level since early 2020, to 3.25%, in an attempt to respond to the increasing inflation in recent months, and to contain both consumption and the price increases[1].

The Bank of Israel's research division revised its October 2022 forecast, according to which the interest rate is expected to be an average of 3.5% in the third quarter of 2023. Additionally, according to the forecast the inflation rate in the next four quarters is expected to be 2.7%. In 2023 the inflation rate is forecasted to be 2.5%. [2] Inflation in Israel is above the upper bound of the target, and has been at 4.6% over the last twelve months.

The Company believes, as of the publication date of the report, that the inflation rate and the increase in interest rates, as described above, are not having a significantly adverse impact on the Company's results or activity, including on the Company's revenues, cost structure, profitability rate, financing costs and/or destabilization of its financial strength. However, the Company also believes that there could be negative market effects on a global scale, which could also affect the Company's potential customers, and thereby lead to restraint or change in the intentions of some potential customers to buy the Company's systems.

1 https://www.boi.org.il/he/NewsAndPublications/PressReleases/Pages/21-11-2022.aspx
2 https://www.boi.org.il/he/NewsAndPublications/RegularPublications/Pages/forcast1022h.aspx

Additionally, insofar as the trend of increasing prices continues or intensifies, the risk of a decline in the Company's profitability could increase. On the other hand, since most of the Company's customers and potential customers are very well-established companies, such as energy companies, telecom companies, and gas and oil companies, at this stage the Company does not expect an increase in its level of business risk. Furthermore, due to the fact that as of the reporting date the Company has not taken out any debt, the aforementioned interest rate increase benefits the Company and generates greater financing income on its deposits. During the reporting period the prices of various fuels rose sharply, including the prices of hydrogen and ammonia, which are used as fuels for the Company's systems. As of the publication date of the report, the Company is not experiencing any significant impact on the sales of the Company's BOX systems, which use hydrogen as fuel, due to the aforementioned increase in fuel prices, and regarding the FOX system, which uses ammonia as fuel, it appears that, as of the publication date of the report, there have been no effects on the sales of the FOX system, due to the fact that the system is not yet commercial, and is expected to be commercialized in 2023. The Company's estimates that fuel prices will decrease by the timeframe when the FOX system becomes commercialized, and accordingly estimates that current ammonia prices are not expected to significantly affect the FOX system, once it is commercialized.

It is noted that the forecasts described in this section 1.2 above are dynamic and subject to changes which depend on the guidelines and actions of the State of Israel and other countries, and at this stage the Company is unable to estimate the full and final effect of these forecasts on the Company's activity.

The Company's estimates regarding the possible implications of the spread of the coronavirus, the continuation of the Russia-Ukraine war, and regarding the possible implications of the inflation rate and rising interest rates on the Company's activity and results, constitute forward looking information, as defined in the Securities Law, which is based, inter alia, on the Company's estimates as of the publication date of the report, with respect to factors which are not under its control. The Company's estimates are based on the information which is currently available to the Company, on related publications and forecasts, which are uncertain to materialize, in whole or in part, and which could materialize in a significantly differently way due to factors which are not under the Company's control.

1.3 **Additional significant events during and after the quarter**

1.3.1 On November 24, 2022, the Company's board of directors approved an allocation of 155,987 unlisted options to 7 employees of the Company, each of which is exercisable into one ordinary share of the Company, by virtue of the outline of issuance to employees in accordance with section 15B(1)(A) of the Securities Law, 5728-1968, and the Securities Regulations (Outline Details of Offer of Securities to Employees), 5760-2000, which the Company published on March 30, 2022[1], and as updated on June 2, 2022[2], and in accordance with the terms of the options plan for the Company's employees and officers, and which was approved by the Company's Board of Directors on July 25, 2016, as amended from time to time[3].

1.3.2 On November 3, 2022, the Company announced the extension of the period for offering securities in accordance with the shelf prospectus which was published by the Company, to November 9, 2023, after approval was received from the Israel Securities Authority. For additional details, see the Company's immediate report dated November 3, 2022 (reference number 2022-001-132550). The above constitutes inclusion by way of reference.

1.3.3 On August 29, 2022, the Company's board of directors approved an allocation of 791,936 unlisted options to 22 employees of the Company, each of which is exercisable into one ordinary share of the Company, by virtue of the outline of issuance to employees in accordance with section 15B(1)(A) of the Securities Law, 5728-1968, and the Securities Regulations (Outline Details of Offer of Securities to Employees), 5760-2000, which the Company published on March 30, 2022[4], and as updated on June 2, 2022[5], and in accordance with the terms of the options plan for the Company's employees and officers, and which was approved by the Company's Board of Directors on July 25, 2016, as amended from time to time. For additional details regarding the aforementioned allocation, see the Company's immediate report dated August 30, 2022 (reference number 2022-01-110356). The above constitutes inclusion by way of reference.

1.4 **Financial position**

Presented below are items of the statement of financial position in accordance with the audited/reviewed financial statements, and explanations of the main changes which have occurred therein (USD thousands):

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1 Reference number: 2022-01-032781.
2 Reference number: 2022-01-069310.
3 It is noted that the aforementioned allocation is subject to the receipt of approval from the stock exchange for the listing of the shares which will result from the exercise of the aforementioned options, which has not yet been received as of the publication date of the report.
4 Reference number: 2022-01-032781.
5 Reference number: 2022-01-069310.

Item	As of September 30		As of December 31, 2021	Board of directors' remarks
	2022	2021		
Current assets	76,015	67,604	60,497	The change was mostly due to the balance of cash and short term deposits, which increased due to the proceeds from a private issuance to institutional investors in January 2022 in the amount of approximately USD 34.5 million, after deducting issuance costs. On the other hand, there was a decrease of approximately USD 17.8 million used for operating activities, and approximately USD 0.7 million used for investing activities in the purchase of fixed assets in cash.
Non-current assets	26,191	19,011	20,151	The increase was mostly due to the capitalization of development costs during the reporting period in the amount of approximately USD 4.4 million, approximately USD 1.2 million due to investments to purchase fixed assets, and approximately USD 0.6 million due to the creation of a right-of-use asset with respect to the lease of the Company's office areas.
Total assets	102,206	86,615	80,648	-
Current liabilities	9,040	5,714	6,346	The increase was due to the increase in hedging liabilities in the amount of USD 1.9 million, due to the increase in the USD exchange rate, and due to the increase in the balance of accounts payable in the amount of approximately USD 0.8 million, resulting from inventory purchases for Q4 and 2023.
Non-current liabilities	7,918	8,012	8,081	No significant change in non-current liabilities.

Item	As of September 30		As of December 31, 2021	Board of directors' remarks
	2022	2021		
Total equity	85,248	72,889	66,221	The growth was mostly due to the proceeds from a private issuance to institutional investors in January 2022, in a net total of approximately USD 34.5 million, and the increase of USD 3.1 million with respect to the capital reserve for share-based payment. On the other hand, there was a decrease of approximately USD 2 million in the capital reserve for cash flow hedging, and loss in the amount of approximately USD 18 million in the period.

1.5 **Operating results**

Presented below are the Company's condensed statements of income (USD thousands):

Item	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31, 2021	Board of directors' remarks
	2022	2021	2022	2021		
Sales	4,327	3,194	3,092	393	5,542	The growth in sales was mostly due to two transactions with EV, the first in the amount of USD 0.4 million in the first quarter, and the second in the amount of approximately USD 5 million with respect to EVOX systems, of which revenue in the amount of approximately USD 2.7 million was recognized in the third quarter of 2022.

Item	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31, 2021	Board of directors' remarks
	2022	2021	2022	2021		
Cost of sales	6,751	4,884	3,330	1,074	8,507	The increase in cost of sales expenses was mostly due to the increase in the number of employees in the production, supply chain and customer support departments (around 14 employees), in the amount of approximately USD 1.6 million, and another approximately USD 0.5 million due to the increase in cost of sales, as a result of the growth in revenue.
Gross loss	2,424	1,690	238	681	2,965	The loss increased due to the increase in the number of employees, as stated above, and the increase in the Company's production and office areas.
Research and development expenses, net	6,672	3,784	2,355	1,263	5,704	The Company increased its development capabilities, including adding employees, increasing the number of research institutions and research partners with whom it is collaborating in order to accelerate research and development processes, in accordance with the work plan for 2022.

Item	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31, 2021	Board of directors' remarks
	2022	2021	2022	2021		
						The additional payroll costs amounted to approximately USD 2.4 million, and the costs with respect to the acceleration of the various research subjects amounted to approximately USD 0.8 million.
Selling and marketing expenses	3,985	3,159	1,104	892	4,780	The increase in the number employees, in accordance with the Company's work plan for 2022, and salary updates, resulted in an increase in payroll expenses in the amount of approximately USD 0.6 million as part of the expansion of the Company's marketing and sales teams, and due to marketing and conference expenses, which increased by approximately USD 0.2 thousand.
General and administrative expenses	4,255	3,749	1,321	1,352	6,973	The increase was mostly due to the increase in payroll expenses in the amount of approximately USD 340 thousand, and the increase of approximately USD 130 thousand in consulting expenses and approximately USD 180 thousand

Item	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31, 2021	Board of directors' remarks
	2022	2021	2022	2021		
						with respect to welfare expenses.
Operating loss	17,366	12,382	5,018	4,188	20,422	-
Finance income (expenses), net	(363)	(458)	13	(14)	(603)	The decrease in finance expenses was mostly due to the increase of the USD exchange rate during the first nine months of 2022, and the increase in finance income, which was mostly due to interest income on deposits and loans.
Other income	23	-	11	-	-	Revenues with respect to the sale of waste and metals.
Taxes on income	103	61	4	55	65	The increase was due to the increase in advance payments for excess expenses which the Company paid in 2022, with respect to the increase in the Company's excess expenses in 2022.
Profit (loss with respect to cash flow hedge, net)	(2,009)	52	(9)	(3)	72	The increase in expenses with respect to cash flow hedging was mostly due to USD/NIS hedge

Item	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31, 2021	Board of directors' remarks
	2022	2021	2022	2021		
						transactions, due to the increase of the USD exchange rate in 2022.
Total comprehensive loss for the period	19,788	12,849	5,007	4,260	21,018	-

1.6 **Liquidity and financing sources**

1.6.1 Analysis of the Company's cash flows

Item	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31, 2021	Board of directors' remarks
	2022	2021	2022	2021		
Cash flows from operating activities	(17,390)	(11,418)	(5,008)	(4,773)	(12,010)	The change in cash flows from operating activities was mostly due to: (A) The growth in payroll expenses due to the growth in the number of Company employees, and due to salary raises in 2022; (B) The increase in research and development expenses and marketing and advertising efforts due to the expansion of the Company's activity volume, and the growth of the Company's offices and production areas; (C) Purchases of equipment and inventory to increase production capability, in order to meet the expected demand in Q4 2022 and in 2023.
Cash flows for investing activities	(25,206)	(28,048)	(15,113)	(4,354)	(23,174)	The decrease in cash flows for investing activities was mostly due to the decrease in cash investments in fixed assets, in the amount of approximately USD 1 million, relative to the corresponding period last year,

Item	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31, 2021	Board of directors' remarks
	2022	2021	2022	2021		
						and the decrease of approximately USD 2.5 million in investments in deposits, and on the other hand, an increase of approximately USD 0.6 million in intangible assets.
Cash flows from financing activities	33,613	13,370	(283)	(122)	13,206	The increase was mostly due to the proceeds from a private issuance to institutional investors in January 2022, in the amount of approximately USD 34 million, after deducting issuance costs, as compared with an issuance of approximately USD 13.7 million in the corresponding period last year.

1.6.2 Details regarding financing sources

The Company finances its activity out of the proceeds from its initial public offering and the additional public issuance of its shares in accordance with a shelf offering report from April 2021, which was published by virtue of the prospectus from April 2021, as well as the proceeds from the private issuance to institutional investors in January 2022, by way of a material private allocation in accordance with the Securities Regulations (Private Offer of Securities in Listed Company), 5760-2000. For additional details, see section 5 in Chapter A of the periodic report for 2021. For additional details regarding the use of the proceeds from the IPO and the additional issuance, see Regulation 10C in Chapter D of the periodic report.

1.6.3 Liquidity

Due to the completion of the issuances and the receipt of the proceeds, the Company will be able to continue its operating activities for a period of approximately 30 months after the approval date of the financial statements.

2. Disclosure provisions regarding the corporation's financial reporting

2.1 Non-inclusion of separate financial information in the condensed financial statements

In light of Amendment No. 2 to the Reports Regulations, 5782-2022, the Company is not obligated to attach separate (stand-alone) financial statements pursuant to Regulation 38D of the Reports

Regulations, so long as it has not issued liability certificates to the public. As of the publication date of the report, the Company has not issued any liability certificates to the public.

2.2 **Use of critical accounting estimates**

There were no changes in the use of critical accounting estimates. For additional details, see Note 3 in Chapter C of the periodic report for 2021.

2.3 Details regarding the exposure to and management of market risks

2.3.1 Individual responsible for the management of market risks in the corporation

The individual responsible for managing market risks in the Company is the Company's CFO, Mr. Yossi Salomon. For additional details, see Regulation 21 in Chapter D of the periodic report.

2.3.2 Description of market risks

For additional details, see Note 27 in Chapter C of the periodic report for 2021.

2.3.3 Company policy regarding the management of market risks, and oversight and implementation thereof

For additional details, see Note 2 in Chapter C of the periodic report for 2021.

2.3.4 Linkage bases and sensitivity tests

For additional details, see Note 27 in Chapter C of the periodic report for 2021.

2.3.5 Events after the date of the statement of financial position pertaining to market risks

For additional details, see section 0 above.

2.3.6 Board of Directors' Remarks

As of September 30, 2022, the Company has exposure in the amount of approximately USD 3.3 million to exchange rate changes. The exposure was mostly due to liabilities with respect to the rental of offices and trade payables (adjustments required according to IFRS 16), and the balance of payroll expenses for employees as presented in the Company's balance sheets as of the end of, which are paid in NIS. The Company's balances of cash in foreign currency amounted to approximately USD 2.8 million.

The Company's board of directors and management would like to express their appreciation to the Company's employees and managers for their contributions and dedication to the advancement of the Company's activities.

Asher Levy, Chairman of the Board	**Rami Reshef, CEO**

Petach Tikva, November 24, 2022.

Gencell Ltd.

Condensed Consolidated Financial Statements
As of September 30, 2022

(Unaudited)

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Deloitte.

A Review Report of the Auditor to the shareholders of
Gencell Ltd.

Introduction

We have reviewed the accompanying financial information of Gencell LTD. The company and its subsidiary (the "Company") which includes the condensed consolidated financial position as of September 30, 2022 and 2021, and the related condensed consolidated statements of comprehensive loss, changes in equity and cash flows for the periods of nine and three months then ended at September 30, 2022 and 2021. The board of directors and management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Review Standard (Israel) 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the abovementioned financial information is not prepared, in all material respects, in accordance with IAS 34.

In addition to the statements in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the abovementioned financial information does not comply, in all material respects, with the disclosure requirements of Chapter D of the Securities Regulations (Periodic and Immediate Reports) - 1970.

Brightman Almagor Zohar & Co.
Certified Public Accountants
A Firm in the Deloitte Global Network

Tel Aviv, November 24, 2022

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Gencell Ltd.
Condensed Consolidated Statements of Financial Position

	As of September 30		As of December 31
	2022	2021	2021
	USD in thousands		USD in thousands
	(Unaudited)		(Audited)
Assets			
Current assets			
Cash and cash equivalents	3,249	7,030	11,881
Short term deposits	63,708	51,486	42,611
Trade receivables	2,946	3,000	2,347
Other receivables	2,855	3,606	2,144
Inventory	3,257	2,482	1,514
Total current assets	76,015	67,604	60,497
Non-current assets			
Restricted deposit	1,785	1,829	1,927
Right-of-use assets, net	8,248	7,967	7,687
Fixed assets, net	6,602	5,231	5,411
Other intangible assets, net	9,556	3,984	5,126
Total non-current assets	26,191	19,011	20,151
Total assets	102,206	86,615	80,648
Liabilities and equity			
Current liabilities			
Current maturities of lease liabilities	1,291	1,217	1,273
Trade payables	1,408	1,356	1,826
Derivative financial instruments	1,989	-	-
Other payables	4,352	3,141	3,247
Total current liabilities	9,040	5,714	6,346
Non-current liabilities			
Lease liabilities	7,126	7,390	7,444
Liabilities in respect of employee benefits	98	-	16
Liabilities in respect of grants	694	622	621
Total non-current liabilities	7,918	8,012	8,081
Equity			
Share capital and premium	322,803	286,124	287,165
Other capital reserves	24,074	22,426	22,906
Accumulated losses	(261,629)	(235,661)	(243,850)
Total equity	85,248	72,889	66,221
Total liabilities and equity	102,206	86,615	80,648

November 24, 2022			
Approval date of the financial statements	**Asher Levy** **Chairman of the Board**	**Rami Reshef** **CEO**	**Yossi Salomon** **CFO**

The accompanying notes to the condensed consolidated financial statements are an integral part thereof.

Gencell Ltd.
Condensed Consolidated Statements of Comprehensive Loss

	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	USD in thousands (Unaudited)		USD in thousands (Unaudited)		USD in thousands (Audited)
Sales	4,327	3,194	3,092	393	5,542
Cost of sales	6,751	4,884	3,330	1,074	8,507
Gross loss	2,424	1,690	238	681	2,965
Research and development expenses, net	6,672	3,784	2,355	1,263	5,704
Selling and marketing expenses	3,985	3,159	1,104	892	4,780
General and administrative expenses	4,255	3,749	1,321	1,352	6,973
Operating loss	17,366	12,382	5,018	4,188	20,422
Finance income	1,782	146	103	52	482
Finance expenses	2,145	604	90	66	1,085
Finance income (expenses), net	(363)	(458)	13	(14)	(603)
Total loss before other income	17,699	12,840	5,005	4,202	21,025
Other income, net	23	-	11	-	-
Total pre-tax loss	17,676	12,840	4,994	4,202	21,025
Taxes on income	103	61	4	55	65
Total loss for the period	17,779	12,901	4,998	4,257	21,090
Amounts which will be classified in the future under profit or loss, net of tax:					
Profit (loss) in respect of cash flow hedge, net of tax	(2,009)	52	(9)	(3)	72
Total comprehensive loss for the period	19,788	12,849	5,007	4,260	21,018
Loss per ordinary share with a par value of NIS 0.1, basic and diluted	0.166	0.14	0.05	0.04	0.22
Weighted average of share capital used to compute basic and diluted loss per share	107,320,989	94,131,015	108,168,503	95,622,682	94,578,864

The accompanying notes to the condensed consolidated financial statements are an integral part thereof.

Gencell Ltd.

Condensed Consolidated Statements of Changes in Equity

	Ordinary share capital	Premium	Capital reserve in respect of cash flow hedge	Capital reserve in respect of share-based payment transactions	Capital reserve in respect of transactions with shareholders	Accumulated losses	Total
	USD in thousands						
For the nine month period ended September 30, 2022 (unaudited)							
Balance as of January 1, 2022	276	286,889	72	21,387	1,447	(243,850)	66,221
Loss for the period	-	-	-	-	-	(17,779)	(17,779)
Other comprehensive loss	-	-	(2,009)	-	-	-	(2,009)
Total comprehensive loss for the period	-	-	(2,009)	-	-	(17,779)	(19,788)
Share-based payment	-	-	-	4,272	-	-	4,272
Forfeited options	-	-	-	(136)	-	-	(136)
Expired options	-	28	-	(28)	-	-	-
Exercised options	-	1,054	-	(931)	-	-	123
Share issuance (after deducting issuance costs of USD 1,269 thousand)	37	34,519	-	-	-	-	34,556
Total equity as of September 30, 2022	313	322,490	(1,937)	24,564	1,447	(261,629)	85,248
For the nine month period ended September 30, 2021 (unaudited)							
Balance as of January 1, 2021	263	269,381	-	19,020	1,447	(222,760)	67,351
Loss for the period	-	-	-	-	-	(12,901)	(12,901)
Other comprehensive income	-	-	52	-	-	-	52
Total comprehensive income for the period	-	-	52	-	-	(235,661)	(12,849)
Share-based payment	-	-	-	4,447	-	-	4,447
Forfeited options	-	-	-	(158)	-	-	(158)
Expired options	-	66		(66)			-
Exercised options	1	2,674	-	(2,316)	-	-	359
Share issuance (after deducting issuance costs of USD 593 thousand)	11	13,728	-	-			13,739
Total equity as of September 30, 2021	275	285,849	52	20,927	1,447	(235,661)	72,889

The accompanying notes to the condensed consolidated financial statements are an integral part thereof.

Gencell Ltd.
Condensed Consolidated Statements of Changes in Equity

	Ordinary share capital	Premium	Capital reserve in respect of cash flow hedge	Capital reserve in respect of share-based payment transactions	Capital reserve in respect of transactions with shareholders	Accumulated losses	Total
				USD in thousands			
For the three month period ended September 30, 2022 (unaudited)							
Balance as of July 1, 2022	313	321,679	(1,928)	24,168	1,447	(256,631)	89,048
Loss for the period	-	-	-	-	-	(4,998)	(4,998)
Other comprehensive loss	-	-	(9)	-	-	-	(9)
Total comprehensive loss for the period	-	-	(9)	-	-	(4,998)	(5,007)
Share-based payment	-	-	-	1,206	-	-	1,206
Expired options	-	28	-	(28)	-	-	-
Forfeited options	-	-	-	(90)	-	-	(90)
Exercised options	-	783	-	(692)	-	-	91
Total equity as of September 30, 2022	313	322,490	(1,937)	24,564	1,447	(261,629)	85,248
For the three month period ended September 30, 2021 (unaudited)							
Balance as of July 1, 2021	275	284,974	55	20,643	1,447	(231,404)	75,990
Loss for the period	-	-	-	-	-	(4,257)	(4,257)
Other comprehensive income	-	-	(3)	-	-	-	(3)
Total comprehensive income (loss) for the period	-	-	(3)	-	-	(4,257)	(4,260)
Share-based payment	-	-	-	1,105	-	-	1,105
Expired options	-	-		-			-
Forfeited options		-	-	(97)	-	-	(97)
Exercised options	-	875	-	(724)	-	-	151
Total equity as of September 30, 2021	275	285,849	52	20,927	1,447	(235,661)	72,889

The accompanying notes to the condensed consolidated financial statements are an integral part thereof.

Gencell Ltd.
Condensed Consolidated Statements of Changes in Equity

	Ordinary share capital	Premium	Capital reserve in respect of cash flow hedge	Capital reserve in respect of share-based payment transactions	Capital reserve in respect of transactions with shareholders	Accumulated losses	Total
	USD in thousands						
For the year ended December 31, 2021							
Balance as of January 1, 2021	263	269,381	-	19,020	1,447	(222,760)	67,351
Loss for the period	-	-	-	-	-	(21,090)	(21,090)
Other comprehensive income	-	-	72	-	-	-	72
Total comprehensive loss for the period	-	-	72	-	-	(21,090)	(21,018)
Share-based payment	-	-	-	5,814	-	-	5,814
Forfeited options	-	-	-	(158)	-		(158)
Expired options	-	66	-	(66)	-	-	-
Exercised options	2	3,714	-	(3,223)	-	-	493
Share issuance (after deducting issuance costs of USD 593 thousand)	11	13,728	-	-	-	-	13,739
Total equity as of December 31, 2021	276	286,889	72	21,387	1,447	(243,850)	66,221

The accompanying notes to the condensed consolidated financial statements are an integral part thereof.

Gencell Ltd.

Condensed Consolidated Statements of Cash Flows

	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	USD in thousands		USD in thousands		USD in thousands
	(Unaudited)		(Unaudited)		(Audited)
Cash flows from operating activities					
Loss for the period	(17,779)	(12,901)	(4,998)	(4,257)	(21,090)
Adjustments required to present cash flows for operating activities (Annex A)	389	1,483	(10)	(516)	9,080
Net cash for operating activities	(17,390)	(11,418)	(5,008)	(4,773)	(12,010)
Cash flows from investing activities					
Changes in restricted deposit	165	(1,435)	15	230	(1,533)
Changes in balance of given loan	-	-	-	-	(2,615)
Change in short term deposit	(20,639)	(21,537)	(13,250)	(2,037)	(12,662)
Investment in intangible asset	(3,584)	(2,903)	(1,065)	(1,048)	(3,910)
Investment in fixed assets	(1,148)	(2,173)	(813)	(1,499)	(2,454)
Net cash for investing activities	(25,206)	(28,048)	(15,113)	(4,354)	(23,174)
Cash flows from financing activities					
Proceeds from exercised options	123	359	91	154	491
Consideration from share issuance, after deducting issuance costs	34,556	13,739	-	-	13,739
Payment of royalties in respect of received grants	(5)	(4)	(3)	-	(11)
Interest payment in respect of lease	(173)	(117)	(67)	62	(171)
Repayment of lease liabilities	(888)	(607)	(304)	(338)	(842)
Net cash from financing activities	33,613	13,370	(283)	(122)	13,206
Net decrease in cash and cash equivalents	(8,983)	(26,096)	(20,404)	(9,249)	(21,978)
Impact of exchange rate changes in respect of cash balances held in foreign currency	351	35	(373)	17	768
Cash and cash equivalents at beginning of period	11,881	33,091	24,026	16,262	33,091
Cash and cash equivalents at end of period	3,249	7,030	3,249	7,030	11,881
Material non-cash operations					
Non-cash purchase of fixed assets	502	325	317	325	357
Recognition of right-of-use asset against lease liability	1,119	3,970	67	1,114	4,087
Non-cash amounts capitalized to intangible asset	846	1,086	356	258	1,216

The accompanying notes to the condensed consolidated financial statements are an integral part thereof.

Gencell Ltd.

Condensed Consolidated Statements of Cash Flows

	For the nine month period ended September 30		For the three month period ended September 30		For the year ended December 31
	2022	2021	2022	2021	2021
	USD in thousands		USD in thousands		USD in thousands
	(Unaudited)		(Unaudited)		(Audited)
Annex A - Adjustments required to present cash flows for operating activities					
Income and expenses not associated with cash flows:					
Depreciation and amortization	952	626	261	353	952
Tax expenses	103	61	4	55	65
Exchange differences on cash balances	(351)	34	373	52	(768)
Interest expenses (income) and linkage differentials	(1,186)	164	162	(67)	991
Expenses in respect of share-based payment	3,707	3,584	977	917	4,820
	3,225	4,469	1,777	1,310	6,060
Changes in assets and liabilities items:					
Increase in trade receivables	(599)	(2,957)	(1,991)	(275)	(2,303)
Decrease (increase) in other receivables	(2,625)	(2,215)	400	(1,687)	1,633
Increase in the net provision for severance pay	82	-	48	-	16
Decrease (increase) in inventory	(1,743)	1,034	(302)	(855)	2,002
Increase (decrease) in trade payables	(919)	618	(398)	504	1,055
Increase in other payables	3,071	595	460	542	682
	(2,733)	(2,925)	(1,783)	(1,771)	3,085
Taxes paid	(103)	(61)	(4)	(55)	(65)
	389	1,483	(10)	(516)	9,080

The accompanying notes to the condensed consolidated financial statements are an integral part thereof.

Note 1 - General

Description of the Company:

Gencell Ltd. (hereinafter: the "Company" or the "Group") was incorporated and registered in Israel on February 21, 2011, in accordance with the provisions of the Companies Law, as a private company limited by shares, under its current name.

As of the approval date of the financial statements, the Company is a producing technology company which is engaged in the planning, development, production, marketing and provision of after sale services for alkaline fuel cell-based backup and power supply systems featuring the production of green energy without creating carbon dioxide emissions. The Company is developing the fuel cells in response to the growing need for energy based on oil substitutes. The Company's activity takes place in its offices in Petach Tikva. The Company holds a wholly owned subsidiary, Gencell Inc., which is incorporated in the United States, and which is inactive as of the reporting date.

On November 18, 2020, the Company completed an initial public offering of its shares by virtue of the prospectus, in which the Company's shares were listed on the stock exchange, and accordingly, the Company became a public company, as this term is defined in the Companies Law, and also a reporting corporation, as this term is defined in the Securities Law.

Note 2 - Significant Accounting Policies

Preparation basis of the financial statements

The condensed interim consolidated financial statements (hereinafter: the "Interim Financial Statements") were prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" (hereinafter: "IAS 34").

In preparing these interim financial statements, the Group adopted an accounting policy, presentation rules and calculation methods which were identical to those that were applied in the preparation of its financial statements as of December 31, 2021, and for the year then ended (hereinafter: the "Annual Reports").

The condensed consolidated financial statements were prepared in accordance with the disclosure provisions prescribed in Chapter D of the Securities Regulations (Periodic and Immediate Reports), 5730-1970.

Note 3 - Significant Transactions and Events During and After the Reporting Period

A. Further to that stated in Note 14E to the financial statements for 2021, regarding the Company's engagement with EV Motors Ltd., the Company supplied several BOX systems during the first quarter of 2022. Total revenue recognized in the Company's books in 2022 in respect of this order amounted to USD 400 thousand. As of the publication date of the report, this amount has been collected in full.

   During the reporting period, and in accordance with the collaboration agreement with E.V. Motors Ltd. ("**EV**"), EV acquired, through a subsidiary which it controls, additional EVOX™ fuel cell systems adapted to the specific needs of the hybrid vehicle MN charging systems of EV's subsidiary, which will be installed in electric vehicle charging stations that EV will install in its facilities, or for its customers, including vehicle fleets, commercial centers, hi-tech companies, and more. The estimated consideration which the Company expects to receive in respect of the aforementioned sale of its systems amounts to approximately USD 5 million. In accordance with the agreement, the Company is recognizing revenue with respect to 2 executory obligations: the first, upon the delivery of the EVOX systems to EV; and the second, upon the delivery of the infrastructure equipment which allows adjusting the EVOX systems to the electrical infrastructure of EV's sites.

As of the reporting date, the Company has supplied some of the EVOX systems and infrastructure equipment for several sites, and has recognized revenue with respect to this order in the amount of approximately USD 2.69 million. Until the signing date of the periodic report, the Company has collected a total of approximately USD 451 thousand within the framework of this transaction.

Note 3 - Significant Transactions and Events During and After the Reporting Period (Cont.)

Additionally, during the third quarter, and in accordance with the agreement with EV, it was agreed between the parties that EV will purchase from the Company construction and infrastructure planning services with respect to several sites in which EVOX systems will be installed. Under this agreement, the Company will recognize revenue based on the rate of progress in the project and the provision of services for the various sites, on a "cost +" basis. As of the reporting date, the Company has recognized revenue with respect to this order in the amount of approximately USD 103 thousand.

B. On January 17, 2022, the Company's board of directors approved a private allocation of 11,966,979 ordinary Company shares with a par value of NIS 0.01 each (the "Ordinary Shares"), to third parties which are unaffiliated with the Company and/or its controlling shareholder (the "Offerees" and the "Private Allocation", as applicable), against the payment of NIS 9.4 per ordinary Company share, such that the total gross consideration which was received from the Offerees amounted to a total of NIS 112,490 thousand (approximately USD 36,228 thousand), or a net total of approximately NIS 107,884 thousand (approximately USD 34,556 thousand). To the best of the Company's knowledge, in the Private Allocation, Ordinary Shares were allocated, inter alia, to Migdal Insurance and Financial Holdings Ltd., an interested party in the Company, and to member entities of Harel Insurance Investments and Financial Services Group Ltd., which became an interested party as a result of the Private Allocation.

It is noted that the Company undertook towards each of the offeree investors that during 2022, it will not allocate Company shares at a share price lower than NIS 11 per share, unless it performs an allocation to a strategic investor and/or as part of a strategic process.

C. On February 1, 2022, the Company engaged in an additional amendment to the sublease agreement in respect of its offices and plant in Petach Tikva, as from May 2011, under which the leased area will be increased by a total area of approximately 524 m^2, at a cost of approximately NIS 65 (approximately USD 21) per square meter, which it will use to increase the area of the offices and to increase its research and development activity during the period ending May 8, 2024. The Company will pay, in respect of the leased property, monthly rent and management fees in the amount of approximately USD 10,640 (approximately NIS 34,060), plus VAT and linkage differentials. The Company has two extension options, each for a period of three years. As of the lease commencement date, the Company considers it highly likely that it will exercise the extension options in respect of the building.

D. Further to that stated in Note 30A to the financial statements for 2021, regarding Russia's invasion of Ukraine, as of the publication date of the report the Company is cooperating fully with the Ukrainian and Belorussian service providers on promoting the development of the catalyzer in the Fox system, and it does not expect any significant problems or delays in the project's progress.

E. Further to that stated in Note 14B to the financial statements for 2021, regarding the Company's engagement with TDK Ltd. in a framework agreement (the "Agreement"), in respect of TDK's participation in the Company's "green ammonia" project, TDK paid to the Company an additional total of approximately USD 483 thousand in the first quarter of 2022.

F. On March 29, 2022, the Company's board of directors approved an allocation of 566,432 unlisted options, at an exercise price of USD 2.39 per share, which will best over a period of four years, to employees of the Company, each of which will be exercisable into one ordinary share of the Company with a par value of NIS 0.01, in accordance with the Company's options plan for employees and officers. The benefit value in respect of these grants amounted to a total of approximately USD 1,120 thousand. The parameters which were used in applying the model

to the allocation described in the above section were as follows: Company share price as of the grant date - USD 2.25, risk-free interest rate - 1.69%, expected volatility - 96.47%, projected period of the options - 10 years.

G. On March 29, 2022, the Company's board of directors approved, after approval was received from the Company's compensation committee on March 22, 2022, to grant to several executives of the Company grants in respect of 2021, in accordance with the provisions of the Company's compensation policy, and to update their employment agreements for 2022. For additional details, see Note 27 to the financial statements for 2021.

Note 3 - Significant Transactions and Events During and After the Reporting Period (Cont.)

H. Further to that stated in Note 14D to the financial statements for 2021, regarding the Company's winning of a tender which was conducted by the federal electric corporation in Mexico, CFE, on December 19, 2020, the Company recognized, in the first nine months of 2022, revenue from the project in the amount of approximately USD 675 thousand. Additionally, from January 1, 2022 until the approval date of the financial statements, the Company collected a total of approximately USD 2.95 million as part of the project. As of the reporting date, the loan which the Company provided to the local partner in Mexico has not yet been repaid, and it amounts to a total of approximately USD 2.8 million. The Company created a credit risk provision in its books with respect to this loan in the amount of USD 1.5 million.

On November 1, 2022, the Company and the local partner signed an agreement to settle the debt and distribute the payments with respect to the loan, according to which the debt will be repaid in 8 equal quarterly payments, from July 1, 2023 to April 1, 2025, in accordance with the amortization schedule which was determined between the parties. It is noted that the repayment of the loan is not dependent on any payments which will be received from CFE.

I. On August 29, 2022, the Company's board of directors approved an allocation of 791,936 unlisted options, at an exercise price of USD 1.02 per share, vesting over a period of four years, to employees of the Company, each of which is exercisable into one ordinary Company share with a par value of NIS 0.01, in accordance with the Company's options plan for employees and officers. The benefit value in respect of these grants amounted to a total of approximately USD 660 thousand. The parameters which were used in applying the Black Scholes model to the allocation described in the above section were as follows: Company share price as of the grant date - USD 0.96, risk-free interest rate - 2.42%, expected volatility - 93.1%, projected period of the options - 10 years. Expected dividend rate: 0%.

J. On November 24, 2022, the Company's board of directors approved an allocation of 155,987 unlisted options, at an exercise price of USD 1.02 per share, vesting over a period of four years, to employees of the Company, each of which is exercisable into one ordinary Company share with a par value of NIS 0.01, in accordance with the Company's options plan for employees and officers. The benefit value in respect of these grants amounted to a total of approximately USD 77 thousand. The parameters which were used in applying the Black Scholes model to the allocation described in the above section were as follows: Company share price as of the grant date - USD 0.97, risk-free interest rate - 3.3%, expected volatility - 93.4%, projected period of the options - 10 years. The expected dividend rate is 0%.

Quarterly Report Regarding the Effectiveness of Internal Control over Financial Reporting and Disclosure in Accordance with Regulation 38c(a) of the Reports Regulations

Company management, under the supervision of the Company's board of directors, is responsible for establishing and applying adequate internal control over financial reporting and disclosure in the Company.

For this purpose, the members of management are:

1. Rami Reshef, CEO;
2. Yossi Salomon, CFO;

Internal control over financial reporting and disclosure includes controls and policies which are currently applied in the Company, which were planned by the CEO and the most senior officer in the finance department, or under their supervision, or by those who effectively perform those duties, under the supervision of the Company's board of directors, which are intended to provide a reasonable measure of assurance regarding the reliability of the financial reporting and the preparation of the reports in accordance with the provisions of the law, and to verify that the information which the Company is required to disclose in the reports which it publishes in accordance with the provisions of the law has been collected, processed, summarized and reported in accordance with the deadline and format prescribed in law.

Internal control includes, inter alia, controls and policies which are intended to ensure that

information which the Company is required to disclose, as stated above, is accumulated and submitted to Company management, including to the CEO and to the most senior corporate officer in the finance department, or to the person who effectively performs the aforementioned duties, in order to allow timely decision making with respect to the disclosure requirement.

Due to inherent restrictions, internal control over financial reporting and disclosure is not intended to provide absolute assurance that any incorrect presentation or omission of information in the reports will be prevented or discovered.

In the quarterly report regarding the effectiveness of internal control over financial reporting and disclosure which was attached to the quarterly report for the period ended June 30, 2022 (hereinafter: the "**Last Quarterly Report Regarding Internal Control**"), control was found to be effective.

Until the reporting date, the board of directors and management were not made aware of any event or matter which could have changed the assessment regarding the effectiveness of internal control, as presented in the last quarterly report regarding internal control.

As of the reporting date, based on the provisions of the last quarterly report regarding internal control, and based on the information which was brought to the attention of management and board of directors, as stated above, internal control is effective.

Executive Certification

Certification of the CEO in Accordance with Regulation 38(d)(1) of the Reports Regulations:

I, Rami Reshef, hereby certify that:

1. I have evaluated the quarterly report of Gencell Ltd. (hereinafter: the "**Company**") for the third quarter of 2022 (hereinafter: the "**Reports**");
2. To the best of my knowledge, the reports do not include any incorrect representation of any material fact, and are not missing any representation of any material fact, which is required in order to ensure that the representations included therein, in light of the circumstances in which those representations were included, are not misleading with reference to the period of the reports;
3. To the best of my knowledge, the financial statements and other financial information included in the reports adequately reflect, in all material respects, the Company's financial position, operating results and cash flows as of the dates and for the periods to which the reports refer;
4. I have disclosed to the Company's auditor, and to the Company's board of directors, audit committee and financial statements review committee, based on my most current assessment regarding internal control over financial reporting and disclosure:
   A. All significant deficiencies and material weaknesses in the establishment or application of internal control over financial reporting and disclosure which could reasonably be expected to adversely affect the Company's ability to collect, process, summarize or report financial information in a manner which could cast doubt on the reliability of financial reporting and on the preparation of financial statements in accordance with the provisions of the law; And -
   B. Any fraud, whether material or immaterial, involving the CEO or anyone directly reporting to him, or involving any other employees who have significant responsibilities regarding internal control over financial reporting and disclosure;

5. I, independently or together with others in the Company:

   A. Have established controls and policies, or have verified the establishment and application, under my supervision, of controls and policies which are intended to ensure that material information with reference to the Company is brought to my attention by others in the corporation, particularly during the period of preparing the reports; And -

   B. Have established controls and policies, or have verified the establishment and application, under my supervision, of controls and policies which are intended to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

   C. I have not been made aware of any event or matter which occurred during the period between the date of last quarterly report and the date of this report, which could change the conclusion reached by the board of directors and management regarding the effectiveness of internal control over financial reporting and disclosure, and their impact on internal control, as stated above;

The foregoing does not derogate from my liability, or from the liability of any other person, in accordance with any applicable law.

Date: November 24, 2022

Rami Reshef,

CEO

Executive Certification

Certification of the Most Senior Officer in the Finance Department in Accordance with Regulation 38c(d)(2) of the Reports Regulations:

I, Yossi Salomon, hereby certify that:

1. I have evaluated the interim financial statements and other financial information which is included in the interim reports of Gencell Ltd. (hereinafter: the "**Company**") for the first quarter of 2022 (hereinafter: the "**Reports**" or the "**Interim Reports**");
2. To the best of my knowledge, the interim financial statements and the other financial information which is included in the interim reports do not include any incorrect representation of any material fact, and are not missing any representation of any material fact, which is required in order to ensure that the representations included therein, in light of the circumstances in which those representations were included, are not misleading with reference to the period of the reports;
3. To the best of my knowledge, the interim financial statements and other financial information included in the interim reports adequately reflect, in all material respects, the Company's financial position, operating results and cash flows as of the dates and for the periods to which the reports refer;
4. I have disclosed to the Company's auditor, and to the Company's board of directors, audit committee and financial statements review committee, based on my most current assessment regarding internal control over financial reporting and disclosure:
   A. All significant deficiencies and material weaknesses in the establishment or application of internal control over financial reporting and disclosure, insofar as it pertains to the interim financial statements or to the other financial information which is included in the interim reports, which could reasonably be expected to adversely affect the Company's ability to collect, process, summarize or report financial information in a manner which could cast doubt on the reliability of financial reporting and on the preparation of financial statements in accordance with the provisions of the law; And -

B. Any fraud, whether material or immaterial, involving the CEO or anyone directly reporting to him, or involving any other employees who have significant responsibilities regarding internal control over financial reporting and disclosure.

5. I, independently or together with others in the Company:

A. Have established controls and policies, or have verified the establishment and application, under my supervision, of controls and policies which are intended to ensure that material information with reference to the Company is brought to my attention by others in the corporation, particularly during the period of preparing the reports; And -

B. Have established controls and policies, or have verified the establishment and application, under our supervision, of controls and policies which are intended to reasonably ensure the reliability of financial reporting and the preparation of the financial statements in accordance with the provisions of the law, including in accordance with generally accepted accounting principles;

C. I have not been made aware of any event or matter which occurred during the period between the date of the last quarterly report and the date of this report, which pertains to interim financial statements and to any other financial information which is included in the interim reports, which could change, in my assessment, the conclusion of the board of directors and regarding the effectiveness of internal control over financial reporting and disclosure in the corporation.

The foregoing does not derogate from my liability, or from the liability of any other person, in accordance with any applicable law.

Date: November 24, 2022

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Yossi Salomon, CFO