

Merchavia signs MoU for first investment in the medical cannabis sector

**To invest \$400,000 in an Israeli company developing a
breakthrough technology for the consumption of
medical cannabis oil in precise dosages, without
heating – subjected to reaching a binding agreement**

**The unique technology, which does not require heating of the
cannabis, protects the full cannabis medical characteristic, and
allows taking medical cannabis according to a prescribed dosage,
directly into the lungs, enabling maximum effectiveness**

Ramat Gan, November 25, 2018 – Merchavia Holdings and Investments (TASE: MRHL), an Israeli investment company specializing in early-stage life science sector companies, announces that it has signed a non-binding Memorandum of Understanding (MoU) in an Israeli company developing a medical device that will allow the measured and precise consumption of medical cannabis, according to a pre-defined dosage and without the need of heating. According to the MoU, the company will invest a total of \$400,000 in exchange for shares representing about 20% on a fully diluted basis.

This step is part of the implementation of the company's business strategy to invest in breakthrough technologies, with major worldwide potential and in high growth markets. As part of this strategy, and following the company's announcement one month ago, about its intention to begin investing in companies in the Cannabis field, when the deal becomes a binding agreement, Merchavia will invest for the first time in the aforementioned company.

Merchavia CEO Eli Arad: "We are happy to announce the signing of MOU for a first investment in the medical cannabis sector. The company, in which we will now invest, is developing a breakthrough technology, allowing consumption of medical cannabis oil by inhaling a precise dosage without need of heating, evaporation or burning.

"This attribute is of a unique kind and represents a huge advantage in the medical market, in which consumption today is carried out through smoking, evaporation or eating, methods with a number of basic disadvantages. These include a dosage that is not precise and which cannot be controlled, a change in the characteristics of the cannabis and creation of substances during heating or burning, which are absorbed into the body of the patient in addition to the medical materials.

"We intend to continue expanding Merchavia's investments portfolio in this field, with a focus on R&D companies, which in light of reform and regulatory procedures, and scientific and technological developments worldwide, create an exceptional investment opportunity."

According to Merchavia's information, the medical cannabis market is expected to grow to about \$55 billion in 2024. Sales of cannabis concentrates on the cannabis market are expected to exceed \$3 billion by the end of 2018.

As part of its investment in companies in the medical cannabis sector, Merchavia will realize its capabilities in the sector through life sciences and technology investments and fulfill its investment policy in this field, as well as its international connections with leading enterprises, which are also in the field of medical cannabis with an emphasis on R&D companies. The company is conducting talks with several other companies with R&D activities related to medical cannabis.

About Merchavia

1. Merchavia Holdings and Investments (TASE: MRHL) is an Israeli company specializing in investments in early-stage and promising startups operating in leading high-demand areas of the life sciences, working together with leading medical institutes worldwide – including Cleveland Clinic in the US. Merchavia's portfolio companies include CDx (Cleveland Diagnostics, 8% holding), which is developing a non-invasive method for early diagnosis of various types of cancer, by means of a blood test identification of the structural changes of the protein biological marker IsoPSA, which indicates the presence of the disease. In addition, the company recently reported reaching an agreement to acquire 6% of RMDY Health, which operates in one of the world's growing medical markets. The company is developing and providing digital medical platforms, which allow organizations in the health sector to switch swiftly and efficiently from providing traditional expensive medical services based on a meeting with the patient to digital medicine, which allows ongoing remote, online management of patients. In addition, Merchavia holds 7% of CardiacSense, which is developing a wearable device to detect A FIB (Atrial Fibrillation), based on a unique combination of patented technologies developed by the company for reading optical signs and feeling movement, pressure, temperature and more – giving the product high credibility by cancelling out reading mistaken signs. In October 2018, The company announced that Merchavia was entering the chronic pain market by investing in G4P (Games for Pain), a portfolio companion in an incubator in which the Maccabi Health Fund is a partner. Merchavia will invest about 600,000 NIS according to milestones for a 6% stake of the Israeli company, which is developing an AI based platform for the neurological rehabilitation of chronic pain – a market worth \$635 billion annually in the US, G4P will focus at the being on fibromyalgia, which afflicts 3%-6% of the world's population. Merchavia also announced in October 2018 its intentions to will enter into the medical cannabis R&D sector, with an emphasis on R&D companies. The company's management offices are in Ramat Gan. <https://www.merchavia.com>