

POSITION STATEMENT- LETTER FROM SYMETRYX CORPORATION
TO ALL FELLOW CHECK-CAP SHAREHOLDERS

November 20, 2023

Dear Fellow Check-Cap Shareholder,

We are writing to you today on behalf of Symetryx Corporation (“**Symetryx**”) with regards to the notice of annual general meeting of shareholders filed on November 13, 2023 by Check-Cap Ltd. (“**Check-Cap**”) and Check-Cap upcoming annual general meeting scheduled to December 18, 2023 (the “**Notice**” and “**Meeting**”, respectively).

Symetryx is a very diverse private venture capital and investment company that is invested in a variety of assets. (see www.Symetryx.com).

Symetryx, which as of the record date of the Meeting, November 10, 2023, owned 5.1% of Check-Cap issued and outstanding share capital, well exceeding the current shareholdings of the current Check-Cap directors which, in accordance with Check-Cap proxy statement, own approximately 1.2% of the Check-Cap outstanding shares.

Although Symetryx is one of the largest shareholders of Check-Cap, the current Check-Cap board has refused to discuss any initiatives proposed by Symetryx, including a possible takeover offer and alternative merger candidates.

After numerous press releases and attempts to engage with the Check-Cap board with no success, on August 16, 2023, CHEK announced an unsolicited proposal to merge Check-Cap with Keystone Dental, a manufacturer of dental appliances (the “**Keystone Merger Proposal**”) with very little details. As the largest shareholder of Check-Cap, we’re at a loss to understand how such a transaction with this merger partner could be value-enhancing to ALL Check-Cap shareholders.

The Check-Cap directors claimed in their press release of August 16, 2023, that they met with over 150 (unspecified) merger candidates, **yet ironically refused to even meet once with Symetryx** nor did Check-Cap wish to engage with any alternative merger candidates suggested by Symetryx. See [Check-Cap Issues Letter to Shareholders Regarding Proposed \(globeNewswire.com\)](https://www.globenewswire.com/Check-Cap-Issues-Letter-to-Shareholders-Regarding-Proposed)

As a shareholder, we believe, based upon the review of the limited information thus far provided to all shareholders and other documents that have been filed regarding the merger of Check-Cap and Keystone, that there are several issues that are quite problematic:

- Under the Keystone Merger Proposal, Check-Cap shareholders would be diluted to own 15% of the post-merger entity, rendering the shares almost without value, with Keystone Dental owning the vast majority of 85%.
- Valuation: It is not clear how all the IP that Check-Cap shareholders have invested in is being valued or being considered under the combined entity. The valuation of Keystone at \$225M seems elevated, as this is a traditional manufacturing company. With a valuation of \$225m that would mean that the

EBTIDA for Keystone would be \$37m, which off of a revenue of \$61m for F'22 (or \$66M for F'23) this seems highly unlikely.

- Though Check-Cap issued a press release representing Keystone as an AI company, in accordance with public record, this is far from the truth. The complexities of AI are vast and do not seem well represented by Keystone. Where is the disruptive technology that the shareholders expect from the use of funds that the shareholders have invested? The use of funds appears to be to support the traditional manufacturing operations of this merger candidate. Keystone's product doesn't seem to be particularly disruptive its already crowded industry. There is limited growth potential with minimal growth demonstrated in F'23 (\$61M of Revenue in F'22 with \$33.4M of revenue in the First half of F'23, likely meaning \$66M in revenue for F'23 for a small growth rate year over year).
- The total available market in which Keystone is part of, seems to be small and limited by the fact that many people in the U.S. do not have access to dental insurance, and thus the Keystone product does not have a large market saturation. It appears that the dental implant industry is crowded with big and better competitors such as Sinclair Dental, BioHorizonz, NDX and DFL. Post-merger the go forward combined company would be a small fish in an even smaller pond.
- The prospectus for the Keystone Merger Proposal discusses management and board strength and their public company readiness, without providing information that is publicly available to help to assess what their specific strengths are that will assist them to run a publicly listed NASDAQ company. Curious how this entity is public-company ready when it has taken several months to produce private company financial statements. Furthermore it has been disclosed that Check-Cap has loaned money to Keystone, but it is unclear for what purpose and on what terms.
- The Check-Cap and Keystone directors did not disclose any financial statements to justify the validity of this merger and the further massive dilution of the ownership interests of the current Check-Cap shareholders in the pro-forma company; Symetryx believes that without full disclosure of all the Check-Cap and Keystone Dental financial data within a time frame that is reasonably **prior** to the proposed Check-Cap annual meeting on December 18, 2023, it is impossible for the Check-Cap shareholders to accurately assess the validity of proposed merger with Keystone Dental. This information is needed to determine if such a merger is indeed in the best interests of all CHEK shareholders.
- On September 21, 2023, Symetryx issued a press release stating that it was opposed to the Check-Cap-Keystone Dental merger as proposed, as we believe it is not in the shareholders best interest to consent to the Keystone Dental merger, which we believe does not maximize shareholder value in any meaningful way.
- Under the proposed merger agreement, the Check-Cap directors have agreed to pay a \$1.5 million termination fee (plus up to \$1.5 million of expenses) payable by Check-Cap to Keystone upon the occurrence of certain events and the potential effect of such termination fee in deterring other potential acquirers from proposing an alternative transaction that may be more advantageous to Check-Cap shareholders.
- A \$4.0 million termination fee (plus up to \$1.0 million of expenses) will be payable by Keystone to Check-Cap upon the occurrence of certain events and the likelihood the receipt of the termination fee from Keystone will only offset a

- In fact, we see this Check-Cap – Keystone Dental transaction as highly value destructive to all CHEK shareholders.

Additionally, Symetryx press releases of July 25 and September 21, 2023, Symetryx explained its concern that the current Check-Cap directors were burning through the Check-Cap \$39 million cash reserve at an alarming rate. As one of the largest shareholder in Check-Cap, we are extremely concerned that Check-Cap's cash is being burnt through so quickly, notwithstanding that it does not currently have any true ongoing operations nor staff. We believe this cash burn is emblematic of a Board and management that do not truly respect their fiduciary duties.

For these reasons we are encouraging all shareholders **TO VOTE FOR** the following five (5) director nominees of Symetryx, being:

- On October 17, 2023, Symetryx issued a press release seeking to change the current Check-Cap board. See [SYMETRYX SEEKS TO CHANGE BOARD AND MAXIMIZE SHAREHOLDER VALUE \(newswire.ca\)](https://www.newswire.ca/en/story/1024444/1024444). The Shareholder Director Nominees are experienced and qualified and in our opinion, will best represent the Company's shareholders and maximize shareholders value.

Symetryx Position on Meeting Agenda Items

In accordance with the Notice, Symetryx position and recommendation to Check-Cap shareholders is to adopt the following resolutions:

Our position on Proposal 1- vote **AGAINST** the Keystone Merger Proposal;

Our Position on Proposal 2 - vote **FOR** the reappointment of Brightman Almagor Zohar & Co., Certified Public Accountants, a firm in the Deloitte Global Network, as our independent auditor for the year ending December 31, 2023 and for such additional period until our next annual general meeting of shareholders.

Our Position on Proposal 3- vote **AGAINST** the approval of an amended and restated Compensation Policy for Executive Officers and Directors.

Our Position on Proposal 4- vote **AGAINST** the reverse share split of the Company's ordinary shares within a range of 1 for 2 to 1 for 5, the exact ratio to be determined by further action of our Board of Directors, to be effective on a date to be determined by our Board of Directors and announced by the Company, and to amend our Articles of Association accordingly.

Our Position on Proposal 5-

- i. vote **AGAINST** the re-appointment of each of Company Directors Nominees: Mr. Steven Hanley, Ms. Clara Ezed, Dr. Mary Jo Gorman, Mr. XiangQian (XQ) Lin and Mr. Yuval Yanai; and
- ii. vote **FOR** the election of each of Shareholder Director Nominees: Mr. William Vozzolo, Mrs. Avital Shafran, Mrs. Lilian Malczewski, Mr. Jordan Lipton and Mr. Idan Ben Shitrit.

Our Position on Proposal 6- vote **FOR** the approval of the cash remuneration to be paid to the Director Nominees who are elected to serve as directors at the Meeting under Proposal 5.

Our Position on Proposal 7- vote **FOR** the approval of the Company's entry into indemnification and exculpation agreements and to provide directors' and officers' liability insurance coverage to a Shareholder Director Nominees who is elected to serve at the Meeting under Proposal 5.

Sincerely,

Symetryx Corporation