# LETTER FROM SYMETRYX TO ALL CHECK-CAP SHAREHOLDERS

**November [\_\_] 2023**

Dear Check-Cap Shareholder,

I am writing to you today on behalf of my company, Symetryx Corporation, currently own over \_\_% of Check-Cap issued and outstanding share capital, well exceeding the current shareholdings of the current Check-Cap directors by a significant number of shares.

Symetryx is a very diverse private venture capital and investment company that is invested in a variety of assets. (see [**www.Symetryx.com**](http://www.Symetryx.com) ). Although Symetryx owns over \_\_% of the issued and outstanding share capital of Check-Cap Ltd. And is one of the largest shareholders of Check-Cap, the current Check- Cap directors have refused to discuss with us on our takeover offer, nor would they meet with Symetryx to consider alternative merger candidates.

On July 26, 2023, Symetryx increased its offer from $4.35 per share to $4.60 per share.

See [SYMETRYX CORP INCREASES NON-BINDING OFFER TO ACQUIR CHECK-CAP TO $4.60 PER SHARE (yahoo.com).](https://ca.finance.yahoo.com/news/symetryx-corp-increases-non-binding-142200344.html).

Once again, the CHEK share price increased by 12%, but the Check-Cap directors still refused to meet with us to discuss our enhanced offer, or any alternative merger candidates.

Instead much to our dismay, On August 16th 2023, CHEK announced an unsolicited proposal to merge Check-Cap with Keystone Dental, a manufacturer of dental appliances (the “**Keystone Merger Proposal**”). We are at a loss to understand how such a transaction with this merger partner could have 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 40 (unspecified) merger candidates, **yet ironically refused to even meet once with Symetryx beforehand**, notwithstanding that Symetryx is one of the largest shareholders, nor refused to even consider any of Symetryx’s alternative merger candidates.

As a shareholder we believe, based upon the review of the prospectus and other documents that have been filed regarding the merger of Check-Cap and Keystone, that there are several issues that are 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) seems unlikely. (Aleta comment: I have used a 6 X multiple which is a typical multiple for a Traditional Manufacturing company);
* Though Check-Cap put out a press release representing Keystone as an AI company, in accordance with public record, this if far from the truth. The complexities of AI are vast and do not seems 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. Keystone product doesn’t seem to be particularly disruptive in an 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).
* Total available market in which Keystone is part of, seems to be small and limited by the fact that many people in the US 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.
* The prospectus for the Keystone Merger Proposal discuss 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 assit them to run a publicly Nasdaq listed company. What are the specifics re Keystone’s public company readiness as no financial information is provided such as Proforma financial information? What has been disclosed is that Check-Cap has loaned money to Keystone, for what? We don’t know. (Aleta comment: need more of this).
* The Check-Cap and Keystone directors did not disclose any financial statements to justify the validity of such a merger and the further massive dilution of the ownership interests of the 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 18th 2023, it is impossible for the Check-Cap shareholders to accurately assess the validity of proposed merger with Keystone Dental, and determine if such a merger is indeed in the best interests of all the shareholders. On September 21st 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 does not maximize shareholder value. See [SYMETRYX OPPOSES CHEK CAP/KEYSTONE MERGER, WILL EVALUATE OPTIONS TO STOP](https://finance.yahoo.com/news/symetryx-opposes-chek-cap-keystone-192500569.html) [TRANSACTION (yahoo.com)](https://finance.yahoo.com/news/symetryx-opposes-chek-cap-keystone-192500569.html)

As a shareholder, I continue to question how Check-Cap and the Keystone management are comfortable that at the point of the Keystone Merger Proposal, there will be only $22m left in cash for Check-Cap, even though 2023 started with $42m, while Check-Cap employees were all fired in \_\_\_\_ (Aleta comment: need to be sure about this date). **This is shameful**. **An explanation is required to the shareholders.**

In addition. The audited 2022 financial statements of Check-Cap state that the clinical trials that Check-Cap was engaged in with the FDA failed, however when searching clinicaltrials.gov, this is not the case. (Aleta comments: should try and clarify this, we need a few more details from Yoav Kimchi).

Additionally, in Symetryx’s press release of July 25th and September 21st, 2023, Symetryx explained its concern that the current Check-Cap directors were burning through the Check-Cap $39 million cash reserved at an alarming rate. This is mystifying for us, as one of the largest shareholders in the Company, as the Company does not currently have any true ongoing operations. We believe this cash burn is emblematic of a Board and management that do not truly respect their fiduciary duties. We believe that Check-Cap funds were used to pay the Check-Cap directors excessive fees and expenses, which have not been disclosed to Check-Cap shareholders.

Although Check-Cap is currently an inactive company with no revenues, Check-Cap directors have spent several millions of dollars without any financial transparency, and refuse to provide the Check-Cap shareholders with full financial disclosure. See [Check-Cap Ltd.](https://finance.yahoo.com/quote/CHEK/financials) [(CHEK) Income Statement - Yahoo Finance](https://finance.yahoo.com/quote/CHEK/financials)

In light of Symetryx’s above concerns, and in accordance with the notice and proxy statement filed by Check-Cap on \_\_\_\_\_\_, Symetryx therefore encourage all the Check-Cap shareholders to vote as follows in the AGM:

1. Proposal [\_\_] on the agenda- vote **AGAINST** the proposed Check- Cap-Keystone Dental merger (BCA agreement).
2. Proposal [\_\_] on the agenda- vote **AGAINST** re-election of the current incumbent Check-Cap directors:
3. **Steven John Henly, I.D 473571876**
4. **Clara Ezed, I.D 550678283**
5. **Mary Jo Gorman, I.D 507161659**
6. **XiangQian (XQ) Lin, I.D K07451482**
7. **Yuval Yanai, Tel. 51615060**
8. Proposal [\_\_] on the agenda- vote **FOR** election of Symetryx directors nominees:

On October 17th 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/news-releases/symetryx-seeks-to-change-board-and-maximize-shareholder-value-805942370.html) The following directors are experienced and qualified and in our opinion, will best represent the Company’s shareholders and maximize shareholders value.

# Mr. Jordan Lipton

Mr. Jordan Lipton currently serves as the chairman of Noveto ltd. since August 2022. Mr. Lipton also serves as a board member of Avalon Bridge Capital Inc. since May 2021, and as a CO- Founder, Chief Investment Officer of ACA Enterprise Holdings since February 2019. Between August 2019 and July 2023, he served as a Senior Vice President of Strategic Development at Justice Cannabis Co. From September 2018 to October 2021, Mr. Lipton served as a board member in Alerio Gold Corporation. From April 2019 to September 2019, he served as a managing director in Antera Inc. From August 2016 to April 2019, Mr. Lipton served as a managing director of Gravitas Financial Inc. Between 2014 and 2017 he also served as a partner in Silverbear Capital Inc. Mr. Lipton served from 2014 to 2016 he served as a managing director in AM Capital Receivables Management Limited. Between 2014 to 2015 he served as a consultant in First Global Data Corp. Between 2011 to 2014 he served as a VP Corporate Finance and Business Development in Fordham Hillsworth Financial Service Inc. Mr. Lipton has a Bachelor of Laws degree from the City University of London, and a Master of Business Administration from the Korea University.

# Ms. Avital Shafran

*Ms. Avital Shafran* has a Bachelor of Sciences in Electrical and Computer Engineering, as well as a Master of Sciences in Computer Science, both from the Hebrew University of Jerusalem, and is currently studying towards a PhD in Computer Science researching AI. Since 2017, Ms. Shafran is employed as a teacher assistant at the Hebrew University. From 2016 until 2017 Ms. Shafran served as a Full stack developer at Intel.

# Mr. Idan Ben Shitrit

*Mr. Idan Ben Shitrit* serves, since 2018, at a Hedge Fund management, as a board member at multiple private companies, and as a financial and wealth advisor. From 2016 to 2018, Mr. Ben Shitrit worked in investment banking. From 2009 to 2016, he served as a portfolio and securities manager in Expert Nostro Co., Meitav Nostro, and Altris Nostro. Between 2007 to 2008 , Mr. Ben Shitrit served as an investment manager in Africa Israel Investment Ltd. In 2005 to 2007, he served as a Department Senior Manager in Michale Davis Group. Before 2005, Mr. Ben Shitrit served as a trader in Harel Investment Company and before that as a personal security unit manager. Mr. Ben Shitrit has a Bachelor of arts' degree in Mathematics and Economics, from the Tel-Aviv University, and a Master of Business Administration from the Herzliya Reichman University.

# Mr. William Vozzolo

*Mr. William Vozzolo* is serving as Global Treasurer, Head of Operations and CCO at OC Investment Management LP, a medium-sized Fixed Income hedge fund in Miami, Florida. As Global Treasurer, his role entails managing the funding, cash management / yield enhancement strategy, and margin usage, along with investor relationship management. As Head of Operations, William manages a team of analysts, programmers and developers to ensure all post-execution is streamlined and at a low to zero risk to the firm. William is also titled CCO, ensuring the firm is compliant with all related regulatory bodies and responsible for establishing standards and implementing procedures to ensure that the compliance programs throughout the organization are effective and efficient in identifying, preventing, detecting, and correcting noncompliance.

William is highly accomplished with a career spanning over two decades in finance. He commenced his journey at JPM in 2000, on the Fixed Income Repo Desk before joining Highland Financial, where he was an MBS repo trader and assumed responsibilities in operations management. In 2007, he transitioned to Highbridge Capital, where he played a pivotal role in establishing and elevating their repo desk and treasury management capabilities in the fixed income sector. William then spent three years at Barclays as a Product Manager. In 2013, he joined Field Street Capital Management, leading Operations and non-USD funding while simultaneously overseeing the business operations of the EU entity. In 2021, he joined OC Investment Management.

# Dr. Liliane Malczewski

*Dr. Lilane Malczewski* is currently serving as president and as a board member at the Order of Dentists of Quebec, as well as president and chief executive manager of the Healy Dental Clinics, and also as the Chief of Dentistry at the Montreal Integrated Health, Social Services and University Centre (Ciusss Odim). Between 2018 to 2021, she served as Local Chief of Dentistry at the Lakeshore General Hospital. From 2012 to 2018, she served as President of the Cornwall & District Dental Society - Division of The Ontario Dental Association. Dr. Malczewski also served as a Clinical Dentist in various clinics between 2011 and 2019. She has an Executive master's degree in business administration from the University of Fredericton, a Doctor of Dental Medicine from the University of Montreal, and a D.E.C. Health Sciences from the college of Jean-De-Brébeu.

Sincerely,

Barry Robert Shiff

President and Director

Symetryx Corporation

[Barry Robert Shiff | LinkedIn](https://www.linkedin.com/in/barry-robert-shiff-b957248/)