

To: 10.2.e
Date: Friday March 27, 2020
Regarding: Production of Facemasks

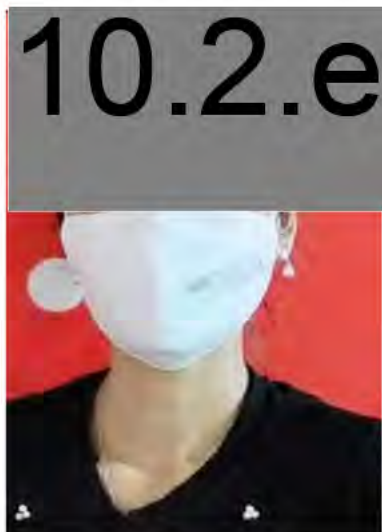
Dear 10.2.e,

Based on our telephone conversations the following:

The Netherlands (and the rest of the world) has a huge demand for facemasks, but supply is low. Prices are high, especially for N95 ffp2 quality masks which currently sells at around 8 (!) euro per piece.

Solution: manufacture in the Netherlands at a cheaper price.

How: we will purchase and operate one machines capable of producing 1.2M facemasks/month for the quality of N95 ffp2, the intended product looks like the picture below.



N95 FFP2 mask

CE marked, Class I product

Short term business case:

At a relative low cost we will be able to provide 5 million facemasks to the Dutch healthcare system. We have a secure supply chain in place, all raw materials are sourced in Israel.

Long term business case:

we will create much needed new jobs in the Limburg province, especially taking into consideration the projected economic recession that we will face in The Netherlands within a few months.

Challenges / limitation:

- the world market for the availability of the machines that can produce these machines is under stress. Everybody wants the machines and availability is limited. We therefore need to act fast.
- There is a real possibility China will restrict these machines from being exported (to Europe) as part of a geopolitical move, we have secured the procurement through reliable partners that, in the event of a block by CN government, we do not lose the down payment.
- As a result of the above, we do not have the time (nor the luxury) to test and draft specs prior to actually purchasing machines. We will rely on our 30 odd years of experience in producing disposable medical devices to make a new machine work with newly sourced raw materials.

Timeline:

From the moment of 'go', we can secure the machines and have them shipped to Maastricht in 30 days time from payment. Installation and pre-operation will take 14 days. In total we believe we can be up and running within 7-9 weeks. This will then be at the height of the infection and ICU capacity, just when these products are needed most.

Weeks	1	2	3	4	5	6	7	8	9
Purchase machines	█	█	█	█					
Shipping machines (air)					█				
Machine installation and validation						█			
Testing & CE marking							█		
Recruiting & training new staff	█	█	█	█					
Raw material supply			█	█					
Refurbishing existing facilities		█	█	█					
Unforeseen delays								█	█

Proposal:

We seek a pre financing / guarantee of the Dutch government as detailed in the attached. In short, based on an open calculation, we want to secure the purchase of the first 5Million pieces by the Dutch government and we believe we will produce them at a price under **10.1.c**.



Member of **STON MEDICAL**

L-Mesitran®

A way to finance this project could be, a loan (at zero interest) for the financing of the capital equipment (the investments) and support for the first investment in raw materials, to be discussed.

Upscaling:

It could be possible to consider two production lines as well, in a fast calculation this will double the investments. The availability of a second machine however needs to be investigated.

Best regards,

10.2.e

10.2.e



Appendix A

based on a production of

5.000.000

Investments

Per piece

Machine purchases and shipping					€10.1.c	€10.1.e
Installation costs (stelpost)					€10.1.c	€10.1.e
Building clean room					€10.1.c	€10.1.e
Technical Advice					€10.1.c	€10.1.e
Total investments					€10.1.c	€10.1.e
	Shifts	# people/per shift	Annual salary	Needed time in months		
Operational costs						
Staff: Operator incl. supply ingredients	5	1	50.000	4	€10.1.c	€10.1.e
Staff QC	3	0,5	60.000	4	€10.1.c	€10.1.e
Staff Secondary Packing	5	1	30.000	4	€10.1.c	€10.1.e
Supervision	3	1	60.000	4	€10.1.c	€10.1.e
Total Operational costs					€10.1.c	€10.1.e
Variable Purchases raw materials						
Purchases FFP2 non woven					€10.1.c	€10.1.e
Consumables					€10.1.c	€10.1.e
Unforeseen					€10.1.c	€10.1.e
Indication for the setup of production funding required:					€10.1.c	€10.1.e
The operational costs do not need funding , providing the finished products will be paid for directly upon delivery or against the funded loan.						
Additional overhead costs			5,00%		€10.1.c	
Margin			30,00%		€10.1.c	
Total price for 5 M facemasks					€10.1.c	€10.1.e

Conclusion: running costs and investments are relatively small against the price per facemask based on the current data.

Appendix B

Triticum Exploitatie BV

Sleperweg 44

6222 NK Maastricht, The Netherlands

www.l-mesitran.com

info@mesitran.com

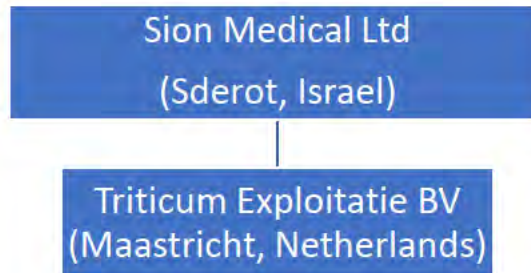
+31 (0) 43 325 17 73

Chamber of Commerce: 14066301

VAT: NL809035261801

Bank IBAN: NL61ABNA0244691177

Company background:



Triticum BV is a 80% subsidiary of Sion Medical Ltd in Sderot Israel (the other 20% is owned by the Dutch founder and CEO). Triticum specializes since 2000 in the manufacturing of wound care products for infected wounds and capabilities to combat even antibiotic resistant bacteria. Sion Medical is manufacturer and distributor of advanced wound care products, surgical solutions & skin cleansing / disinfection products, for the professional healthcare sector and operating theatres. Customers of the group are Mediq, McKesson, Medline, Cardinal Health.

In Israel we have production facilities under ISO 13485 / 2001 and products are CE marked, FDA approved and over 60 other countries worldwide in which products are registered as Medical Devices. The Maastricht facility has a warehouse and is the distribution hub for the group for the EU and other countries.

www.l-mesitran.com

<http://sn-medical.co.il/en/>