
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended May 31, 2017

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from _____ to _____

Commission file number: 000-54329

ORGENESIS INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or
organization)

98-0583166

(I.R.S. Employer Identification No.)

20271 Goldenrod Lane

Germantown, MD 20876

(Address of principal executive offices) (zip code)

(480) 659-6404

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [] No [X]

As of July 24 2017, there were 121,141,095 shares of registrant's common stock outstanding.

ORGENESIS INC.
FORM 10-Q
FOR THE THREE AND SIX MONTHS ENDED MAY 31, 2017 AND 2016

TABLE OF CONTENTS

	Page
<u>PART I.</u>	<u>UNAUDITED FINANCIAL INFORMATION</u>
<u>ITEM 1.</u>	<u>Financial Statements (unaudited)</u>
	<u>4</u>
	<u>Condensed Consolidated Balance Sheets as of May 31, 2017 and November 30, 2016</u>
	<u>4</u>
	<u>Condensed Consolidated Statements of Operations for the Three and Six Months Ended May 31, 2017 and 2016</u>
	<u>6</u>
	<u>Condensed Consolidated Statements of Changes in Equity for the Six Months Ended May 31, 2017 and 2016</u>
	<u>7</u>
	<u>Condensed Consolidated Statements of Cash Flows for the Six Months Ended May 31, 2017 and 2016</u>
	<u>8</u>
	<u>Notes to Condensed Consolidated Financial Statements</u>
	<u>9</u>
<u>ITEM 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	<u>19</u>
<u>ITEM 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>
	<u>25</u>
<u>ITEM 4.</u>	<u>Controls and Procedures</u>
	<u>25</u>
<u>PART II.</u>	<u>OTHER INFORMATION</u>
<u>ITEM 1.</u>	<u>Legal Proceedings</u>
	<u>28</u>
<u>ITEM 1A.</u>	<u>Risk Factors</u>
	<u>28</u>
<u>ITEM 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	<u>28</u>
<u>ITEM 3.</u>	<u>Defaults Upon Senior Securities</u>
	<u>28</u>
<u>ITEM 4.</u>	<u>Mine Safety Disclosures</u>
	<u>28</u>
<u>ITEM 5.</u>	<u>Other Information</u>
	<u>29</u>
<u>ITEM 6.</u>	<u>Exhibits</u>
	<u>29</u>
<u>SIGNATURES</u>	

PART I – UNAUDITED FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

ORGENESIS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. Dollars in Thousands)
(Unaudited)

Assets	May 31, 2017	November 30, 2016
CURRENT ASSETS:		
Cash and cash equivalents	\$ 658	\$ 891
Accounts receivable, net	2,961	1,229
Prepaid expenses and other receivables	1,453	779
Grants receivable	134	906
Inventory	904	400
Total current assets	<u>6,110</u>	<u>4,205</u>
NON CURRENT ASSETS:		
Property and equipment, net	4,807	4,573
Restricted cash	6	5
Intangible assets, net	14,969	15,050
Goodwill	10,048	9,584
Investments in associate, net	252	-
Other assets	75	70
Total non-current assets	<u>30,157</u>	<u>29,282</u>
TOTAL ASSETS	<u>36,267</u>	<u>\$ 33,487</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(U.S. Dollars in Thousands)
(Unaudited)

	<u>May 31,</u> <u>2017</u>	<u>November 30,</u> <u>2016</u>
Liabilities and equity		
CURRENT LIABILITIES:		
Short-term bank credit	\$ -	\$ 21
Accounts payable	3,541	4,554
Accrued expenses and other payables	1,375	1,205
Employees and related payables	2,219	1,680
Related parties	42	42
Advance payments on account of grant	2,101	243
Short-term loans and current maturities of long term loans	647	1,111
Deferred income	4,264	1,273
Current maturities of convertible loans	1,958	2,541
Convertible bonds	-	1,818
Price protection derivative	-	76
Investments in associate, net	-	12
TOTAL CURRENT LIABILITIES	<u>16,147</u>	<u>14,576</u>
LONG-TERM LIABILITIES:		
Loans payable	3,284	3,291
Convertible loans	1,772	1,059
Warrants	2,861	1,843
Retirement benefits obligation	5	5
Put option derivative	273	273
Deferred taxes	2,027	1,862
TOTAL LONG-TERM LIABILITIES	<u>10,222</u>	<u>8,333</u>
TOTAL LIABILITIES COMMITMENTS EQUITY:	<u>26,369</u>	<u>22,909</u>
Common stock	12	12
Additional paid-in capital	48,898	41,605
Receipts on account of shares to be allotted	596	-
Accumulated other comprehensive loss	(216)	(1,205)
Accumulated deficit	(39,392)	(29,834)
TOTAL EQUITY	<u>9,898</u>	<u>10,578</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 36,267</u>	<u>\$ 33,487</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(U.S. Dollars in thousands, except share and loss per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
REVENUES	\$ 2,298	\$ 1,132	\$ 4,150	\$ 2,652
COST OF REVENUES	1,128	1,964	3,033	3,444
GROSS PROFIT (LOSS)	1,170	(832)	1,117	(792)
RESEARCH AND DEVELOPMENT EXPENSES, net	665	486	1,406	887
AMORTIZATION OF INTANGIBLE ASSETS	397	482	778	810
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	2,432	2,173	4,703	3,339
OPERATING LOSS	2,324	3,973	5,770	5,828
FINANCIAL EXPENSES (INCOME), net	(1,428)	553	3,520	(1,219)
SHARE IN LOSSES OF ASSOCIATED COMPANY	107	-	196	-
LOSS BEFORE INCOME TAXES	1,003	4,526	9,486	4,609
TAX EXPENSES (BENEFIT)	(444)	(634)	72	(942)
NET LOSS	\$ 559	\$ 3,892	\$ (9,558)	\$ (3,667)
EARNINGS (LOSS) PER SHARE:				
Basic	\$ 0.005	\$ 0.04	\$ 0.09	\$ 0.03
Diluted	\$ 0.005	\$ 0.04	\$ 0.09	\$ 0.04
WEIGHTED AVERAGE NUMBER OF SHARES USED IN COMPUTATION OF BASIC AND DILUTED EARNINGS (LOSS) PER SHARE:				
Basic	114,820,844	107,583,871	110,652,320	106,693,858
Diluted	114,820,844	107,583,871	110,652,320	106,693,858
OTHER COMPREHENSIVE LOSS:				
Net Loss	\$ 559	\$ 3,892	\$ (9,558)	\$ (3,667)
Translation adjustments	(1,083)	(580)	(989)	(1,084)
TOTAL COMPREHENSIVE LOSS (INCOME)	\$ (524)	\$ 3,312	\$ (8,569)	\$ (2,583)

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(U.S. Dollars in thousands, except share amounts)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Receipts on Account of Share to be Allotted	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
	Number	Par Value					
Balance at December 1, 2015	55,835,950	\$ 6	\$ 14,229	\$ 1,251	\$ (1,286)	\$ (20,640)	\$ (6,440)
Changes during the six months ended May 31, 2016:							
Stock-based compensation to employees and directors			865				865
Stock-based compensation to service providers			792				792
Warrants and shares to be issued due to extinguishment of a convertible loan			114				114
Issuances of shares from investments and conversion of convertible loans	10,502,132	1	1,948	(1,251)			698
Reclassification of redeemable common stock*	42,401,724	4	21,454				21,458
Receipts on account of shares to be allotted				623			623
Comprehensive income for the period					1,084	(3,667)	(2,583)
Balance at May 31, 2016	<u>108,739,806</u>	<u>\$ 11</u>	<u>\$ 39,402</u>	<u>\$ 623</u>	<u>\$ (202)</u>	<u>\$ (24,307)</u>	<u>\$ 15,527</u>
Balance at December 1, 2016	114,096,46						
	1	\$ 12	\$ 41,605	\$ --	\$ (1,205)	\$ (29,834)	\$ 10,578
Changes during the six months ended May 31, 2017:							
Stock-based compensation to employees and directors			771				771
Stock-based compensation to service providers	950,000	-	2,067				2,067
Issuance of warrants and beneficial conversion feature of convertible loans			2,241				2,241
Issuance of shares and receipts on account of shares and warrants to be allotted	3,940,636	-	2,214	596			2,810
Comprehensive loss for the period					989	(9,558)	(8,569)
Balance at May 31, 2017	<u>118,987,097</u>	<u>\$ 12</u>	<u>\$ 48,898</u>	<u>\$ 596</u>	<u>\$ (216)</u>	<u>\$ (39,392)</u>	<u>\$ 9,898</u>

*Including outstanding contingent shares.

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. Dollars in thousands)
(Unaudited)

	Six months ended	
	May 31,	May 31,
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (9,558)	\$ (3,667)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Stock-based compensation	2,708	1,657
Loss from extinguishment of a convertible loan	-	229
Share in losses of associated company	196	
Depreciation and amortization expenses	1,207	1,335
Change in fair value of warrants and embedded derivatives	1,073	(1,721)
Change in fair value of convertible bonds	(110)	(132)
Interest expenses accrued on loans and convertible loans (including amortization of beneficial conversion feature)	589	56
Changes in operating assets and liabilities:		
Increase in accounts receivable	(1,606)	(471)
Increase in inventory	(466)	(94)
Increase in other assets	(1)	(9)
(Increase) decrease in prepaid expenses and other accounts receivable	(645)	34
(Decrease) increase in accounts payable	(1,268)	587
Increase in accrued expenses and other payables	168	150
Increase in employee and related payables	493	579
Increase in deferred income	2,814	332
Increase (decrease) in advance payments and receivables on account of grant, net	2,557	(87)
Increase (decrease) in deferred taxes	72	(944)
Net cash used in operating activities	<u>(1,777)</u>	<u>(2,166)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(464)	(708)
Disposals of property and equipment	22	-
Investments in Associates	(460)	-
Net cash used in investing activities	<u>(902)</u>	<u>(708)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term line of credit	(21)	-
Proceeds from issuance of shares and warrants (net of transaction costs)	2,810	975
Proceeds from issuance of convertible loans (net of transaction costs)	3,912	-
Repayment of convertible loans and convertible bonds	(3,641)	-
Repayment of short and long-term debt	(706)	(1,828)
Net cash provided by (used in) financing activities	<u>2,354</u>	<u>(853)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(325)	(3,727)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	92	33
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	891	4,168
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 566	\$ 474
SUPPLEMENTAL NON-CASH FINANCING ACTIVITIES		
Conversion of loans (including accrued interest) to common stock and warrants		\$ 1,028
Reclassification of redeemable common stock to equity		<u>\$ 21,458</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

ORGENESIS INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended May 31, 2017 and May 31, 2016

NOTE 1 - GENERAL AND BASIS OF PRESENTATION

Orgenesis Inc., a Nevada corporation, is a biopharmaceutical company with expertise and experience in cell therapy development and manufacturing specializing in cell therapy development for advanced medicinal products serving the regenerative medicine industry.

In addition, the Company is developing a novel and proprietary cell therapy trans-differentiation technologies for the treatment of diabetes. The cell therapy technology is based on the research work of Prof. Sarah Ferber, the Company's Chief Science Officer and a researcher at Tel Hashomer Medical Research ("THM"), a leading medical hospital and research center in Israel, who established a proof of concept that demonstrates the capacity to induce a shift in the developmental fate of cells from the liver and transdifferentiating (converting) them into "pancreatic beta cell-like" insulin-producing cells.

The combination of proprietary cell therapy trans-differentiation technologies for the treatment of diabetes and a revenue-generating contract development and manufacturing service business provides the Company with unique capabilities.

As used in this report and unless otherwise indicated, the term "Company" refers to Orgenesis Inc. and its subsidiaries ("Subsidiaries"). Unless otherwise specified, all amounts are expressed in United States dollars.

Basis of Presentation

These unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. GAAP, pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC") for interim financial statements. Accordingly, they do not contain all information and notes required by U.S. GAAP for annual financial statements. In the opinion of management, the unaudited condensed consolidated interim financial statements reflect all adjustments, which include normal recurring adjustments, necessary for a fair statement of the Company's consolidated financial position as of May 31, 2017, and the consolidated statements of comprehensive loss for the three and six months ended May 31, 2017 and 2016, and the changes in equity and cash flows for the six months period ended May 31, 2017 and 2016. The interim results, are not necessarily indicative of the results to be expected for the year ending November 30, 2017. These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended November 30, 2016.

Going Concern

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As of May 31, 2017, the Company had not achieved profitable operations, had accumulated losses of approximately \$39 million (since inception) and expects to incur further losses in the development of its business. Presently, the Company does not have sufficient cash to meet its requirements in the following twelve months. These factors raise substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to obtain additional financing as may be required and ultimately to attain profitability. In the event that the remaining subscription proceeds from a private placement with an institutional investor referred to below, in the aggregate net amount of \$13 million (out of \$16 million) will not be paid periodically through May 2018, then the Company will need to raise significant funds in order to continue to meet its liquidity needs, realize its business plan and maintain operations. The Company's current cash balance is not sufficient to support its operations as presently conducted or permit it to take advantage of business opportunities that may arise. Management of the Company is continuing its efforts to generate quality of earnings from its CDMO business and to secure funds through equity and/or debt instruments for its operations and business opportunities investments.

The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. There can be no assurance that management will be successful in implementing a business plan or that the successful implementation of a business plan will actually improve the Company's operating results. If the Company is unable to obtain the necessary capital, the Company may have to cease operations.

The Company has been funding its operations primarily from the proceeds from private placements of the Company's convertible debt and equity securities and from revenues generated by MaSTherCell. From December 2016 through May 2017, the Company received, through MaSTherCell, proceeds of approximately \$5.22 million in revenues and accounts receivable from customers and \$4.5 million from the private placement to accredited investors of its equity and equity linked securities and convertible loans. In addition, in January 2017 the Company entered into definitive agreements with an institutional investor for the private placement of units of the Company's securities for aggregate subscription proceeds to the Company of \$16 million. The subscription proceeds are payable on a periodic basis through August 2018. During the six months ended May 31, 2017, \$2 million was remitted by such investor and, in June and July 2017, an additional \$1 million was remitted. From June 1, 2017 through July 24, 2017, the Company raised an additional \$1 million from the proceeds of the private placement to certain accredited investors of its equity linked securities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

NOTE 3 - SEGMENT INFORMATION

The Chief Executive Officer ("CEO") is the Company's chief operating decision-maker ("CODM").

Based on the Company's organizational structure, its business activities and information reviewed by the CODM for the purposes of allocating resources and assessing performance, management has determined that there are two operating segments.

CDMO

The CDMO activity is comprised of a specialization in cell therapy development for advanced therapeutic products and providing two types of services to its customers: (i) process and assay development services and (ii) cGMP contract manufacturing services. The CDMO activities include the operations of MaSTherCell.

CTB

The Cellular Therapy Business ("CTB") activity is based on the technology licensed by the Israeli Subsidiary, that demonstrates the capacity to induce a shift in the developmental fate of cells from the liver and differentiating (converting) them into "pancreatic beta cell-like" insulin producing cells for patients with Type 1 Diabetes.

The Company assesses the performance based on a measure of "Adjusted EBIT" (earnings before financial expenses and tax, and excluding share-based compensation expenses and non-recurring income or expenses). The measure of assets has not been disclosed for each segment.

Segment data for the six months ended May 31, 2017 is as follows:

	CDMO	CTB	Corporate and Eliminations	Consolidated
	(in thousands)			
Revenues from external customers	\$ 4,749	-	(599)	4,150
Cost of revenues	(2,919)		308	(2,611)
Research and development expenses, net		(1,244)	291	(953)
Operating expenses	725	(4,790)	-	(4,065)
Depreciation and amortization expenses	(1,200)	(7)	-	(1,207)
Segment Performance	\$ 1,355	(6,041)	-	(4,686)
Stock-based compensation			(2,708)	(2,708)
Financial income (expenses), net*			(1,896)	(1,896)
Share in losses of associated company			(196)	(196)
Loss before income taxes			-	(9,486)

* Excluding \$1,624 thousand stock based compensation included in financial expenses.

Segment data for the six months ended May 31, 2016 is as follows:

	CDMO	CTB	Corporate and Eliminations	Consolidated
	(in thousands)			
Net revenues from external customers	\$ 2,974	\$	(322)	\$ 2,652
Cost of revenues	(3,220)		299	(2,921)
Research and development expenses, net		(674)	23	(651)
Operating expenses	(1,065)	(851)		(1,916)
				(1,335)
Depreciation and amortization expense	(1,333)	(2)		
Segment Performance	\$ (2,644)	\$ (1,527)		(4,171)
Share-based compensation			(1,657)	(1,657)
Financial income, net			1,219	1,219
Loss before income taxes				\$ (4,609)

Segment data for the three months ended May 31, 2017 is as follows:

	CDMO	CTB	Corporate and Eliminations	Consolidated
	(in thousands)			
Net revenues from external customers	\$ 2,605	-	(307)	2,298
Cost of revenues	(1,058)	-	141	(917)
Research and development expenses, net		(643)	166	(477)
Operating expenses	(987)	(1,200)		(2,187)
				(615)
Depreciation and amortization expense	(608)	(7)		
Segment Performance	\$ (48)	(1,850)	-	(1,898)
Share-based compensation			(1,489)	(1,489)
Financial income (expenses), net*			2,491	2,491
Share in losses of associated company			(107)	(107)
Loss before income taxes				(1,003)

* Excluding \$1,084 thousand stock based compensation included in financial expenses.

Segment data for the three months ended May 31, 2016 is as follows:

	CDMO	CTB	Corporate and Eliminations	Consolidated
	(in thousands)			
Revenues from external customers	\$ 1,403	\$	\$ (271)	\$ 1,132
Cost of revenues	(1,932)		180	(1,752)
Research and development expenses, net		(376)	91	(285)
Operating expenses	(458)	(429)		(887)
Depreciation and amortization expense	(693)	(1)		(694)
Segment Performance	<u>\$ (1,680)</u>	<u>\$ (806)</u>	-	<u>(2,486)</u>
Share-based compensation			(1,487)	(1,487)
Financial income (expenses), net			(553)	(553)
Loss before income taxes				<u>\$ (4,526)</u>

Geographic, Product and Customer Information

Substantially all the Company's revenues and long lived assets are located in Belgium.

Revenues from single customers from the CDMO segment that exceed 10% of total net revenues are:

	Three Months Ended		Six Months Ended	
	May 31, 2017	May 31, 2016	May 31, 2017	May 31, 2016
	(in thousands)			
Customer A	<u>\$ 771</u>	<u>\$ 830</u>	<u>\$</u>	<u>\$ 1,594</u>
Customer B	<u>-</u>	<u>420</u>		<u>981</u>
Customer C	<u>803</u>		<u>1,095</u>	
Customer D	<u>\$ 703</u>	<u>\$</u>	<u>\$ 958</u>	<u>\$</u>

NOTE 4 – CONVERTIBLE LOAN AGREEMENTS

(a) On January 12, 2017, the Company repaid the outstanding principal amount and accrued interest in total amount of \$51 thousand of convertible loans that were issued during September 2016. The transaction had no material impact on the comprehensive loss for the period.

(b) During the six months ended May 31, 2017, the Company entered into several unsecured convertible note agreements with accredited or offshore investors for an aggregate amount of \$2.75 million. The loans bear an annual interest rate of 6% and mature in two years from the date of issuance, unless converted earlier.

The notes provide that the entire principal amount under the notes and accrued interest automatically convert into units as in the agreement upon the earlier to occur of any of the following: (i) the closing of an offering of equity securities of the Company with gross proceeds to the Company greater than \$10 million (ii) the trading of the Company's common stock, par value \$0.0001 per share (the "Common Stock") on the over-the counter market or an exchange at a weighted average price of at least \$0.52 (adjusted for certain capital events such as stock splits) for fifty (50) consecutive trading days, or (iii) the listing of the Company's Common Stock on a U.S. National Exchange.

Since the closing price of the Company's publicly traded stock is greater than the effective conversion price on the closing date, the conversion feature is considered "beneficial" to the holders and equal to \$1.94 million. The difference is treated as issued equity and reduces the carrying value of the host debt; the discount is accreted as deemed interest on the debt.

The transaction costs were approximately \$273 thousand, out of which \$94 thousand was the fair value of 250,479 warrants granted to three holders as a success fee, exercisable at \$0.52 per share for three years. The fair value of those warrants as of the date of grant was evaluated using the Black-Scholes valuation model.

(c) During the six months ended May 31, 2017, the Company entered into several unsecured convertible note agreements with accredited or offshore investors for an aggregate amount of \$0.8 million. The notes have 0% or 6% interest rate and are scheduled to mature between six months and one year unless converted earlier. At any time, all or a portion of the outstanding principal amount and accrued but unpaid interest thereon may be converted at the Holder's option into shares of the Company common stock at a price of \$0.52 per share. The Company also issued to the investors three-year warrants to purchase up to 1,746,063 shares of the Company's Common Stock at a per share exercise price of \$0.52.

Since the closing price of the Company's publicly traded stock is greater than the effective conversion price on the measurement date, the conversion feature is considered "beneficial" to the holders and equal to \$81 thousand. The difference is treated as issued equity and reduces the carrying value of the host debt; the discount is accreted as deemed interest on the debt.

(d) On January 23, 2017, the Company and a Non-U.S. institutional investor, entered into an agreement pursuant to which the investor advanced to the Company \$400,000 at per annum rate of 6% and with a maturity date of April 23, 2017.

The transaction costs were approximately \$71 thousand, out of which \$35 thousand as stock based compensation due to issuance of 76,923 warrants and 32,051 shares. The fair value of those warrants as of the date of grant was evaluated by using the Black-Scholes valuation model.

The principal amount and accrued interest were repaid by the Company on March 7, 2017 and, in accordance with the terms of the agreement, the Company issued to the investor 650,000 restricted shares of the Company's Common Stock. The fair value of the shares as of March 7, 2017, was \$494 thousand and was recorded as financial expenses.

(e) In January 2017 MaSTherCell repaid all but one of its bondholders, and the aggregate payment amounted to \$1.7 million (€1.5 million). On January 17, 2017, the remaining bondholder agreed to extend the duration of his Convertible bond with a principal amount of \$106 thousand (€100 thousand) until March 21, 2017, (the "New Maturity Date"). In consideration for the extension, the Company issued to the bondholder warrants to purchase 102,822 shares of the Company's Common Stock, exercisable over a three-year period at a per share exercise price of \$0.52. The fair value of those warrants as of the date of grant was \$20 thousand using the Black-Scholes valuation model.

On March 20, 2017, the remaining bondholder agreed to convert his convertible bonds into 488,182 shares of the Company's Common Stock.

The Company returned from the escrow arrangement entered into in March 2015 in connection with the MaSTherCell acquisition a total of 3,157,716 consideration shares to treasury, in accordance with the terms of the MaSTherCell acquisition agreement. These shares will be retired and cancelled.

(f) On February 27, 2017, the Company and Admiral Ventures Inc. ("Admiral") entered into an agreement resolving the payment of amounts owed to Admiral. Under the terms of the settlement agreement, Admiral extended the maturity date to June 30, 2018. The Company agreed to pay to Admiral, on or before March 1, 2017, between \$0.3 million and \$1.5 million. Further, beginning April 2017, the Company agreed to make a monthly payment of \$125 thousand on account of remaining unpaid balance, and also agreed to remit 25% of all amounts received from equity financing raised above \$1 million and 20% of such amounts above \$500 thousand on account of amounts owed. The Company accounted for the above changes as a modification of the old debt.

On March 1, 2017, the Company repaid \$1.5 million on account of the original principal amount of the loan. As of May 31, 2017, the Company was in arrears in its payment obligations under such agreement. See also Note 10(c).

NOTE 5 – COMMITMENTS

Grants

In April 2016, the Belgian Subsidiary received the formal approval from the Walloon Region, Belgium (Service Public of Wallonia, DGO6) (“DGO6”) for a budgeted €1.3 million (\$1.5 million) support program for CTB activity. The financial support is awarded to the Belgian subsidiary Orgenesis as a recoverable advance payment at 55% of budgeted costs, or for a total of €0.7 million thousand (\$0.8 million). The grant will be paid over the project period. On December 19, 2016, the Belgian Subsidiary received a first payment of €359 thousand (\$374 thousand).

On October 8, 2016, the Belgian subsidiary received the formal approval from the DGO6 for an additional budget of €12.3 million (\$12.8 million) support program for the GMP production of AIP cells for two clinical trials that will be performed in Germany and Belgium. The project will be held during a period of three years commencing January 1, 2017. The financial support is awarded to the Belgium subsidiary at 55% of budgeted costs, a total of €6.8 million (\$7 million). The grant will be paid over the project period. On December 19, 2016, the Belgian Subsidiary received a first payment of €1.7 million (\$1.8 million).

Loans

During January 12, 2017, the Company entered into a loan agreement with MaSTherCell to advance to it up to €1 million. Amounts outstanding under the loan bear yearly annual interest at a rate of 6%. In January 2017 MaSTherCell received from the Company the aggregate amount of \$1.1 million (€1 million). On May 22, 2017, the Company converted the loan into the equity capital of MaSTherCell.

NOTE 6 – EQUITY

Financings

1) During the six months ended May 31, 2017, the Company entered into definitive agreements with accredited and other qualified investors relating to a private placement (the “Private Placement”) of (i) 1,286,944 shares of the Company’s Common Stock and (ii) three year warrants to purchase up to an additional 1,056,021 and 230,923 shares of the Company’s Common Stock at a per share exercise price of \$0.52 and \$0.65 respectively. The purchased securities were issued pursuant to subscription agreements between the Company and the purchasers for aggregate proceeds to the Company of \$699 thousand.

The Company allocated the proceeds from the Private Placement based on the fair value of the warrants and the shares. The table below presents the fair value of the instruments issued as of the closing dates and the allocation of the proceeds:

	Total Fair Value
	(in thousands)
Warrants component	\$ 251
Shares component	448
Total	\$ 699

As of May 31, 2017, 230,923 shares have not been issued and therefore the Company has recorded \$87 thousand in Receipts on Account of Shares to be Allotted, in the statement of equity.

2) In January 2017, the Company entered into definitive agreements with an institutional investor for the private placement of 30,769,231 units of the Company's securities for aggregate subscription proceeds to the Company of \$16 million at \$0.52 price per unit. Each unit is comprised of one share of the Company's Common Stock and a warrant, exercisable over a three-years period from the date of issuance, to purchase one additional share of Common Stock at a per share exercise price of \$0.52. The subscription proceeds are payable on a periodic basis through August 2018. Each periodic payment of subscription proceeds will be evidenced by the Company's standard securities subscription agreement.

During the six months ended May 31, 2017 the investor remitted to the Company \$2 million, in consideration of which, the investor is entitled to receive 3,846,153 shares of the Company's Common Stock and three year warrants to purchase up to an additional 3,846,153 shares of the Company's Common Stock at a per share exercise price of \$0.52. The Company allocated the proceeds based on the fair value of the warrants and the shares. The table below presents the allocation of the proceeds as of the closing date:

	Total Fair Value
	(in thousands)
Warrants component	\$ 723
Shares component	1,277
Total	\$ 2,000

As of May 31, 2017, 961,538 shares have not been issued therefore the Company recorded \$281 thousand net of transaction costs in Receipts on Account of Shares to be Allotted.

In connection therewith, the Company undertook to pay a fee of 5%, resulting in the payment of \$100 thousand and the issuance of 192,308 restricted shares of Common Stock. The fair value of the shares as of the date of grant was \$145 thousand using the share price on the date of grant.

NOTE 7 – STOCK BASED COMPENSATION

a. Options Granted to Employees and Directors

On December 9, 2016, the Company granted to the employees and directors 7,300,000 options, which are summarized on the table below:

	No. of options granted	Exercise price	Fair value at grant (in thousands)	Expiration period
Directors	2,000,000	\$0.4	\$558	10 years
Employees	5,300,000	\$0.4	\$1,480	10 years

The fair value of each stock option grant is estimated at the date of grant using a Black Scholes option pricing model. The volatility is based on historical volatility of the Company, by statistical analysis of the weekly share price for the last two years. The expected term is the mid-point between the vesting date and the maximum contractual term for each grant equal to the contractual life. The fair value of each option grant is based on the following assumptions:

Value of one common share	\$0.39
Dividend yield	0%
Expected stock price volatility	94%
Risk free interest rate	1.89%
Expected term (years)	5

b. *Options and Warrants Granted to Consultants*

On December 9, 2016, the Company entered into a consulting agreements for the provision of professional services for a period of one year. Under the terms of the agreement, the Company granted to a consultants 200,000 options exercisable at \$0.40 per share. The options are to vest quarterly over a period of one year. The fair value of those options as of the date of grant was \$68 thousand using the Black-Scholes valuation model.

NOTE 8 – LOSS PER SHARE

The following table sets forth the calculation of basic and diluted loss per share for the period indicated:

	Three Months Ended		Six Months Ended	
	May 31,		May 31,	
	2017	2016	2017	2016
(in thousands, except per share data)				
Basic:				
Loss for the period	\$ 559	\$ 3,892	\$ 9,558	\$ 3,667
Weighted average number of common shares outstanding	114,820,844	107,583,871	110,652,320	106,693,858
Loss per common share	\$ 0.005	\$ 0.04	\$ 0.09	\$ 0.03
Diluted:				
Loss for the period	\$ 559	\$ 3,892	\$ 9,558	\$ 3,667
Changes in fair value of embedded derivative and interest expense on convertible bonds				92
Loss for the period	559	3,892	9,558	3,759
Weighted average number of shares used in the computation of basic and diluted loss per share	114,820,844	107,583,871	110,652,320	106,693,858
Loss per common share	0.005	0.04	0.09	0.04

Diluted loss per share does not include 50,393,832 shares underlying outstanding options and warrants and 12,517,870 shares upon conversion of convertible notes for the three and six months ended May 31, 2017, because the effect of their inclusion in the computation would be anti-dilutive.

Diluted loss per share does not include 16,954,564 shares underlying outstanding options, 19,769,959 shares issuable upon exercise of warrants, 1,150,000 shares due to service providers and 4,793,603 shares upon conversion of convertible notes for the three and six months ended May 31, 2016, because the effect of their inclusion in the computation would be anti-dilutive.

NOTE 9 - FAIR VALUE PRESENTATION

The Company measures fair value and discloses fair value measurements for financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standard establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

- Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Observable inputs that are based on inputs not quoted on active markets, but corroborated by market data.

- Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs, to the extent possible, and considers credit risk in its assessment of fair value.

As of May 31, 2017, and November 30, 2016, the Company's liabilities that are measured at fair value and classified as level 3 fair value are as follows (in thousands):

	<u>May 31, 2017</u>	<u>November 30, 2016</u>
	<u>Level 3</u>	<u>Level 3</u>
Warrants (1)	\$ 2,861	\$ 1,843
Price protection derivative (1)	-	76
Embedded derivatives convertible loans*(1)	383	240
Put option derivatives	273	273
Convertible bonds (2)	\$ -	\$ 1,818

* The embedded derivative is presented in the Company's balance sheets on a combined basis with the related host contract (the convertible loans).

(1) The fair value of the warrants, price protection derivative and embedded derivatives is determined by using a Monte Carlo Simulation Model. This model, in contrast to a closed form model, such as the Black-Scholes Model, enables the Company to take into consideration the conversion price changes over the conversion period of the loan, and therefore is more appropriate in this case.

(2) The fair value of the convertible bonds described in Note 7 of the Annual Report is determined by using a binomial model for the valuation of the embedded derivative and the fair value of the bond was calculated based on the effective rate on the valuation date (6%). The binomial model used the forecast of the Company share price during the convertible bond's contractual term. Since the convertible bond is in Euro and the model is in USD, the Company has used the Euro/USD forward rates for each period. In order to solve for the embedded derivative fair value, the calculation was performed as follows:

- Stage A - The model calculates several potential future share prices of the Company based on the volatility and risk-free interest rate assumptions.
- Stage B - the embedded derivative value is calculated "backwards" in a way that considers the maximum value between holding the bonds until maturity or converting the bonds.

As of May 31, 2017, the convertible bonds have been repaid or converted see Note 4(e).

The following table presents the assumptions that were used for the models as of May 31, 2017:

	<u>Price Protection Derivative and Warrants</u>	<u>Embedded Derivative</u>
Fair value of shares of Common Stock	\$ 0.59	\$ 0.59
Expected volatility	95%-100%	100%
Discount on lack of marketability	16%	-
Risk free interest rate	0.47%-1.31%	0.86%-1.05%
Expected term (years)	1.4-2.1	0.08-0.42
Expected dividend yield	0%	0%
Expected capital raise dates	July 31, 2017	-

The fair value of the convertible bonds is equal to their principal amount and the aggregate accrued interest.

The table below sets forth a summary of the changes in the fair value of the Company's financial liabilities classified as Level 3 for the six months ended May 31, 2017:

	Warrants	Embedded Derivatives (in thousands)	Convertible Bonds	Price Protection Derivative	Put Option Derivative
Balance at beginning of the year	\$ 1,843	\$ 240	\$ 1,818	\$ 76	\$ 273
Changes in fair value during the period	1,018	143	22	(76)	
Repayment and conversion of convertible bonds			(1,827)		
Translation adjustments			(13)		
Balance at end of the period	<u>\$ 2,861</u>	<u>\$ 383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273</u>

The table below sets forth a summary of the changes in the fair value of the Company's financial liabilities classified as Level 3 for the year ended November 30, 2016:

	Warrants	Embedded Derivatives (in thousands)	Convertible Bonds	Price Protection Derivative	Put Option Derivative
Balance at beginning of the year	\$ 1,382	\$ 289	\$ 1,888	\$ 1,533	\$ -
Additions	802	40		120	273
Conversion		(10)			
Changes in fair value related to Price Protection Derivative expired*				(108)	
Changes in fair value during the period	(341)	(87)	(84)	(1,469)	
Changes in fair value due to extinguishment of convertible loan		8			
Translation adjustments			14		
Balance at end of the year	<u>\$ 1,843</u>	<u>\$ 240</u>	<u>\$ 1,818</u>	<u>\$ 76</u>	<u>\$ 273</u>

(*) During the twelve months ended November 30, 2016, 11,732,916 Price Protection Derivative have expired. There were no transfers to Level 3 during the twelve months ended November 30, 2016.

NOTE 10 - SUBSEQUENT EVENTS

- a. During June and July, 2017, the Company entered into unsecured convertible note agreements with accredited or offshore investors for an aggregate amount of \$1 million. The notes bear an annual interest rate of 6% and mature in two years from the closing date, unless earlier converted subject to the terms defined in the agreements.
- b. In June and July 2017, the institutional investor referred to in Note 6b, remitted to the Company \$1 million in subscription proceeds in respect of which the Company will issue to the investor 1,923,076 shares of Common Stock and three year warrants for an additional 1,923,076 shares.
- c. On July 17, 2017, the Company paid to Admiral \$125 thousand on account of the debt owed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

This Form 10-Q and other reports filed by the Company from time to time with the U.S. Securities and Exchange Commission (collectively, the "Filings") contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the Filings, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks relating to the Company's business, industry, and the Company's operations and results of operations. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. The following discussion should be read in conjunction with our financial statements and notes thereto appearing elsewhere in this report.

Corporate Overview

Orgenesis Inc. is among the first of a new breed of regenerative therapy companies with expertise and unique experience in cell therapy development and manufacturing for advanced medicinal products serving the regenerative medicine industry. In addition, we are focused on developing a novel and proprietary cell therapy trans-differentiation technologies for the treatment of diabetes with a revenue generating contract development and manufacturing service business to serve the regenerative medicine industry. Our vertically integrated manufacturing capabilities are being used to serve to emerging technologies of other cell therapy markets in such areas as cell-based cancer immunotherapies and neurodegenerative diseases and also to optimize our abilities to scale-up our technologies for clinical trials and eventual commercialization of our proposed diabetes treatment. The combination of our own proprietary cell therapy trans-differentiation technologies for the treatment of diabetes and a revenue-generating contract development and manufacturing service business provides us with unique capabilities and supports our business philosophy of bringing to market significant life-improving medical treatments.

We seek to differentiate ourselves from other cell therapy companies by our wholly-owned, Belgian-based CDMO subsidiary, MaSTherCell S.A., and a world-wide network of partners in order to build a unique and fundamental base platform of know-how and expertise for a multitude of cell types. The goal is to industrialize cell therapy for fast, safe and cost-effective production in order to provide rapid therapies for any market around the world. All these services are already compliant with GMP requirements, ensuring identity, purity, stability, potency and robustness of cell therapy products for clinical phase I, II, III through commercialization. The goal is to become the premier service provider in the regenerative medicine industry by leveraging the experience and expertise of MaSTherCell as a recognized leader in cell therapy development and manufacturing.

MaSTherCell is developing premier technologies for other cell therapy companies such as cell-based cancer immunotherapies and neoconservative diseases. Our vertical integration responds to the main challenges faced by most biotechnology companies such as cost of goods sold and logistics. Our global manufacturing network is envisioned as offering a global one-stop-shop manufacturing and logistics services and breakthrough technologies enabling promising therapies to more rapidly reach the market at a fraction of the costs.

Masthercell currently operates facilities qualified under cGMPs in Belgium. We acquired MaSTherCell in March 2015. As the industry continues to mature and a growing number of cell therapy companies approach commercialization, we believe that MaSTherCell is well positioned to serve as an external manufacturing source for cell therapy companies.

We are leveraging the recognized expertise and experience in cell process development and manufacturing of MaSTherCell, and our international global network of CDMO joint ventures, to build a global and fully integrated bio-pharmaceutical company in the cell therapy development and manufacturing area. We target the international manufacturing market as a key priority through joint-venture agreements that provide development capabilities, along with manufacturing facilities and experienced staff.

Our cell therapy technology for diabetes is based on the research work of Prof. Sarah Ferber, our Chief Science Officer and a researcher at Tel Hashomer Medical Center, a leading medical hospital and research center in Israel (“THM”), who established a proof of concept that demonstrates the capacity to induce a shift in the developmental fate of cells from the liver and transdifferentiating (converting) them into “pancreatic beta cell-like” insulin-producing cells. Furthermore, those cells were found to be resistant to autoimmune attack and to produce insulin in a glucose-sensitive manner in relevant animal models. Our development for our cellular therapy business (CTB), which is conducted through our Israeli subsidiary, calls for conducting additional preclinical safety and efficacy studies with respect to diabetes and other potential indications.

Significant Recent Corporate Highlights

Management continues in its efforts to raise operating capital. In connection therewith, in January 2017 we entered into definitive agreements with an institutional investor for the private placement of units of our securities for aggregate subscription proceeds to us of \$16 million. The subscription proceeds are payable on a periodic basis through August 2018. Each periodic payment of subscription proceeds will be evidenced by our standard securities subscription agreement. As of the date of this quarterly report on Form 10-Q, the investor has remitted to us \$2 million in subscription proceeds. Each unit is comprised of one share of our common stock and a warrant to purchase an additional share of common stock at a per share exercise price of \$0.52. Pursuant to the investment, the investor designated a director to serve on our board of directors for an initial two-year period and thereafter so long as the investor holds at least 10% of the Company’s outstanding Common Stock. The investor’s right to designate the board designee is subject to the payment in full as provided in the definitive agreements of the remaining subscription proceeds.

On February 13, 2017, we announced that our Belgian-based subsidiary, Orgenesis SPRL, received the formal approval from the Walloon Region, Belgium (Service Public of Wallonia, DG06) for a €12.3 million (approximately \$12.8 million) support program for the research and development of a potential cure for Type 1 Diabetes. The financial support was awarded to our Belgian subsidiary at 55% of budgeted costs, or a total of €6.8 million (approximately \$7 million).

As further discussed below, our subsidiary MaSTherCell S.A., had revenues of approximately \$4.1 million during the six months ended May 31, 2017 representing an increase of 55% over the same period last year.

In May 2017, we improved the equity-debt ratio of our subsidiary MaSTherCell by converting the loan advanced to it in the amount of \$1.1 million (EUR 1 million) into share capital of MaSTherCell.

While we believe, the above developments position us to further our business development efforts and realize our business plan, we can provide no assurance that we will be successful in achieving our business plan.

Results of Operations

Comparison of the Three and Six Months Ended May 31, 2017 to the Three and Six Months Ended May 31, 2016

Our financial results for the three and six months ended May 31, 2017 are summarized as follows in comparison to the three and six months ended May 31, 2016:

	<u>Three Months Ended May 31,</u>		<u>Six Months Ended May 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(in thousands)			
Revenues	\$ 2,298	\$ 1,132	\$ 4,150	\$ 2,652
Cost of sales	1,128	1,964	3,033	3,444
Research and development expenses, net	665	486	1,406	887
Amortization of intangible assets	397	482	778	810
Selling, general and administrative expenses	2,432	2,173	4,703	3,339
Financial expenses (income), net	(1,428)	553	3,520	(1,219)
Share in losses of associated company	107		196	
Loss before income taxes	<u>\$ 1,003</u>	<u>\$ 4,526</u>	<u>\$ 9,486</u>	<u>\$ 4,609</u>

Revenues

All revenues were derived from our Belgian Subsidiary, MaSTherCell S.A

Our revenues for the three and six months ended May 31, 2017 were \$2,298 thousand and \$4,150 thousand, respectively, as compared to \$1,132 thousand and \$2,652 thousand for the corresponding periods in 2016.

	<u>Three Months Ended May 31,</u>		<u>Six Months Ended May 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(in thousands)			
Services	\$ 2,202	\$ 1,055	\$ 3,585	\$ 1,344
Goods	96	77	565	1,308
Total revenues	<u>\$ 2,298</u>	<u>\$ 1,132</u>	<u>\$ 4,150</u>	<u>\$ 2,652</u>

The increase in revenues for each of the three and six months ended May 31, 2017 is attributable to an increase in the volume of the services provided by MaSTherCell resulting from the extension by MaSTherCell of existing customer service contracts and the entry into new customer service contracts with leading biotech companies as well as from revenues generated from existing manufacturing agreements.

Expenses

Cost of Sales

Cost of sales for the three and six months ended May 31, 2017 were \$1,128 thousand and \$3,033 thousand, respectively, a decrease of 43% and 12%, from \$1,964 thousand and \$3,444 thousand, respectively, during the same periods in 2016. The decrease in cost of sales in the 2017 periods is primarily attributable to a decrease in salaries and related expenses associated with a transformation program implemented in MaSTherCell in the beginning of the second quarter to evolve from an organization based on project to a matrix organization supported by transversal departments focusing on value creation. As part of the program we changed the business positions of certain employees from laboratories managers to general manager positions in order to reflect the current period's business activity a decrease (i) in raw material expenses due to change in nature of services provided by MaSTherCell in the 2017 periods, as we had much more development work compared to 2016 and had more production work and (ii) a decrease of depreciation and amortization expenses (net) due to fully amortized assets as of November 30, 2016 that are not amortized in the 2017 periods.

Research and Development Expenses

Research and Development Expenses for the three and six months ended May 31, 2017 were \$665 thousand and \$1,406 thousand, respectively, an increase of 37% and 59%, from \$486 thousand and \$887 thousand, respectively, in the same periods in 2016. The increase in research and development expenses in the 2017 periods is primarily attributable to an increase in lab expenses resulting from an increase in our pre-clinical studies in the U.S., Israel and Belgium. The increase in Research and Development expenses is a reflection of management's determination to move transdifferentiating technology with first indication to Diabetes Type I to the next stage towards clinical studies in 2018.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three and six months ended May 31, 2017 were \$2,432 thousand and \$4,703 thousand, respectively, an increase of 12% and 41%, from \$2,173 and \$3,339 thousand, respectively, during the same periods in 2016. The increase in selling, general and administrative expenses in the 2017 periods is primarily attributable to an increase in (i) salaries and related expenses resulting from the retention of new senior management at MaSTherCell and new accounting staff in our financial department in Israel and (ii) accounting and legal expenses associated with exploring new strategic collaboration arrangements, new capital raising initiatives, repayment of bonds issued by MaSTherCell and application of new patents under our CTB division offset by (iii) a decrease in stock based compensation in the 2017 periods attributable to the termination of the vesting period of options and shares awarded to executives and consultants in 2016 (iv) stock-based compensation expenses of new grants of options to employees during December 2016 and (v) expenses related to a joint venture which primarily consisted of salary expenses and set up related cost of the new production facility in Korea under our joint venture with CureCell.

The Company applies a strict monitoring of the SG&A expenses and has implemented a shared services program in corporate functions to benefit from intra-group cost reduction and synergies.

Financial Expenses (Income), net

	<u>Three Months Ended May 31,</u>		<u>Six Months Ended May 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(in thousands)		(in thousands)	
Increase (decrease) in fair value of warrants and financial liabilities measured at fair value	\$ (2,946)	\$ 347	\$ 1,006	\$ (1,612)
Stock-based compensation related to warrants granted to bondholder and shares granted to creditor	1,084	-	1,624	-
Interest expense on loans and convertible loans	298	176	687	359
Foreign exchange loss, net	131	32	194	39
Other expenses	5	(2)	9	(5)
Total	<u>\$ (1,428)</u>	<u>\$ 553</u>	<u>\$ 3,520</u>	<u>\$ (1,219)</u>

Financial expenses (income), net for the three months ended May 31, 2017, decreased by 358% or \$1,981 thousand, compared to the same period in 2016. The decrease in financial expenses is mainly attributable to a decrease of \$1.9 million in the change of the fair value of warrants due to the fact that, in the three months ended May 31, 2017, there was a strong impact of the decrease in the share price, which was \$0.59 on May 31, 2017, as opposed to \$0.80 on February 28, 2017. In addition, there was a decrease of \$0.9 million in the fair value of an embedded derivative due to reimbursement of convertible loan in amount of \$1.5 million.

Financial expenses (income), net for the six months ended May 31, 2017, increased by 389% or \$4,739 thousand, compared to the same period in 2016. The increase in financial expenses is mainly attributable to an increase of \$2.6 million in the change of the fair value of warrants due to the fact that, in the six months ended May 31, 2017, there was a strong impact of the increase in the share price, which was \$0.59 on May 31, 2017, as opposed to \$0.39 on November 30, 2016. In the corresponding period there was an income of \$1.6 million due to the Company's updated assumptions related to the probabilities of activating the anti-dilution mechanism of a derivative.

In addition, part of the increase is attributable to \$20 thousand of stock-based compensation expenses related to 102,822 warrants granted to the remaining bondholder in consideration of the extension of his bonds, \$1.5 million thousand of stock-based compensation expenses related to restricted shares and options issued in accordance with a terms of the convertible loan agreements.

Working Capital Deficiency

	May 31, 2017	November 30, 2016
	(in thousands)	
Current assets	\$ 6,110	\$ 4,205
Current liabilities	16,147	14,576
Working capital deficiency	\$ (10,037)	\$ (10,371)

Current assets increased by \$1.9 million, which was primarily attributable to an increase of \$1.7 million in accounts receivable and \$0.6 increase in prepaid expenses and other receivables mainly due to increase in the convertible loan invested in CureCell.

Current liabilities increased by \$1.6 million, which was primarily attributable to an increase of \$1.9 million in advanced payments on account of grant in connection with the new grant approved by the DGO6 to support a clinical study in Germany and Belgium and an increase of \$3 million in deferred income due to agreements signed with new customers in the CDMO segment.

The increase was partly offset by a decrease of \$1 million in current maturities of convertible loans and short-term loans and current maturities of long term loans due to repayments of loans during the period ended May 31, 2017, a decrease of \$1.8 million in convertible bonds due to repayment and convertible bonds' conversion of \$1.7 million and \$0.1 million, respectively and a decrease of \$0.3 in accounts payable, accrued expenses and other payables and employees and related payables.

Liquidity and Financial Condition

	Six Months Ended May 31,	
	2017	2016
	(in thousands)	
Net loss	\$ (9,558)	\$ (3,667)
Net cash used in operating activities	(1,777)	(2,166)
Net cash used in investing activities	(902)	(708)
Net cash provided by (used in) financing activities	2,354	(853)
Decrease in cash and cash equivalents	\$ (325)	\$ (3,727)

Since inception, we have funded our operations primarily through the sale of our securities and, more recently, through revenue generated from the activities of MaSTherCell, our Belgian Subsidiary. As of May 31, 2017, we had negative working capital of \$10 million, including cash and cash equivalents of \$0.7 million.

Net cash used in operating activities was approximately \$1.8 million for the six months ended May 31, 2017, as compared with net cash used in operating activities of approximately \$2.2 million for the same period in 2016. Cash used in operating activities for the six months ended May 31, 2017 was due to expanding our global activity of the CDMO division which was partly offset due to higher revenues at our subsidiary MaSTherCell, thereby significantly increasing gross profit and generating cash to pay our ongoing operating expenses.

Net cash used in investing activities for the six months ended May 31, 2017 was approximately \$0.9 million as compared with approximately \$ 0.7 million for the same period in 2016. Net cash used in investing activities was primarily for additions to fixed assets at our subsidiary Masthercell and investments in our JV with Atvio.

During the six months ended May 31, 2017, our financing activities consisted of the following:

- Closing on \$2.8 million net of transaction costs in private placement equity offerings through the issuance of 5,133,096 million shares of common stock and three year common stock purchase warrants for an additional 4,902,174 and 230,923 shares of our common stock exercisable at a per share exercise price of \$0.52 or \$0.65, respectively.
- Closing on \$3.5 million, in private placement debt offerings through the issuance of \$1,746,063 warrants and our convertible promissory notes with maturity dates of between six and twenty four months, convertible into 7,592,930 shares of our common stock and three-year warrants to purchase up to an additional 5,288,464 shares of our common stock at a per share exercise price of \$0.52.

Liquidity & Capital Resources Outlook

Management believes that funds on hand, as well as the subscription proceeds of \$14 million that we anticipate receiving on a periodic basis from June 2017 through August 2018 (out of a total of \$16 million subscription proceeds that we are to receive through such date), will allow us to conduct operations as presently conducted through the end of year 2018. We intend to raise additional operating capital in order to further expand the scope of our operations and realize our business plan of future years and will likely need to raise additional operating capital in fiscal 2019 in order to maintain operations. Without additional sources of cash and/or the deferral, reduction, or elimination of significant planned expenditures and debt repayment, we may not have the cash resources to continue as a going concern thereafter.

To meet our short and long-term liquidity needs, we expect to use existing cash balances, cash from our revenue generating activities and the subscription proceeds anticipated periodically through the end of fiscal year 2018, as well as a variety of other means, including raising capital through potential issuances of debt or equity securities in public or private financings, partnerships and/or collaborations. In addition, we will continue to seek, as appropriate, grants for expanding our facility in Belgium and scientific and clinical studies from various governmental agencies and foundations. There can be no assurance that additional financing will be available when needed or, if available, that can be obtained on commercially reasonable terms. If we will not be able to obtain the additional financing on a timely basis as required, or generate significant material revenues from operations, we will not be able to meet our other obligations as they become due and will be forced to scale down or perhaps even cease our operations.

Going Concern

The accompanying condensed consolidated financial statements have been prepared assuming that we will continue as a going concern. As of May 31, 2017, we have not achieved profitable operations, have accumulated losses of approximately \$39 million (since inception) and have a working capital deficiency of \$10 million. Although we are now showing positive revenue and gross profit trends in our CDMO division, we expect to incur further losses in the CTB division. Furthermore, while proceeds from additional investments in the CDMO division are expected to benefit our operations as a whole, we do expect to incur further losses in the development of our business. These factors raise substantial doubt about our ability to continue as a going concern. Management is in the process of evaluating various financing alternatives for operations, as we will need to finance future research and development activities and general and administrative expenses through fund raising in the public or private equity markets.

The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. There can be no assurance that management will be successful in implementing a business plan or that the successful implementation of a business plan will actually improve the Company's operating results. If the Company is unable to obtain the necessary capital, the Company may have to cease operations.

We have been funding operations primarily from the proceeds from private placements of our convertible debt and equity securities and from revenues generated by MaSTherCell. From December 2016 through May 2017, we received, through MaSTherCell, proceeds of approximately \$5.22 million in revenues and accounts receivable from customers and \$4.1 million from the private placement to accredited investors of our equity and equity linked securities and convertible loans. In addition, in January 2017 we entered into definitive agreements with an institutional investor for the private placement of units of our securities for aggregate subscription proceeds of \$16 million. The subscription proceeds are payable on a periodic basis through August 2018. During the six months ended May 31, 2017, \$2 million was remitted by such investor, and in June and July 2017, an additional \$1 million was remitted. In addition, between June 1, 2017 and July 24, 2017, we raised an additional \$1 million from the proceeds of a private placement to certain accredited investors of equity-linked securities.

Cash Requirements

Our plan of operation during the next twelve months as of May 31, 2017 is to:

- Continue our activities according to the work plan approved by the DGO6;
- Explore options for collaboration and additional grants in the U.S.; and
- Support our manufacturing activity in Europe.

We estimate that our operating resources and expenses for the next twelve months as of May 31, 2017 will be as follows:

Resources	\$	*31,521
Expenses		(27,266)
Total	<u>\$</u>	<u>4,255</u>

* The amount of cash resources include the subscription proceeds we are to receive on a periodic basis through May 2018 in the aggregate net amount of \$10.5 million.

Future Financing

We will require additional funds to implement our growth strategy for our business. In addition, while we have received various grants that have enabled us to fund our clinical developments, these funds are largely restricted for use for other corporate operational and working capital purposes. We may raise the additional funds required through equity financing, debt financing, or other sources, which may result in further dilution in the equity ownership of our shares. There can be no assurance that additional financing will be available when needed or, if available, that can be obtained on commercially reasonable terms. If we will not be able to obtain the additional financing on a timely basis as required, or generate significant material revenues from operations, we will not be able to meet our other obligations as they become due and will be forced to scale down or perhaps even cease our operations.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's president and chief executive officer (who is the Company's principal executive officer) and the Company's chief financial officer, treasurer, and secretary (who is the Company's principal financial officer and principal accounting officer) to allow for timely decisions regarding required disclosure. In designing and evaluating the Company's disclosure controls and procedures, the Company's management recognizes that controls and procedures are designed on a risk-based approach and, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The Company's management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. The continuous improvement of the Company's disclosure controls and procedures is based on material weaknesses identification in the Company's internal control over financial reporting.

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. In order to evaluate the effectiveness of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002, our management, with the participation of the Company's principal executive officer and principal financial officer has conducted an assessment, including testing, using the criteria in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") (2013). Our system of internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. This assessment included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, the Company's management concluded its internal control over financial reporting was not effective as of as of May 31, 2017. The limitation of the Company's internal control over financial reporting was due to the applied risk-based approach which is indicative of many small companies with limited number of staff in corporate functions implying:

- (i) inadequate consistency of segregation of duties with control objectives; and
- (ii) ineffective controls over period end financial disclosure and reporting processes.

Our management believes the weaknesses identified above have not had any material effect on our financial results. Management has taken additional steps to address the causes of the above weaknesses and to improve our internal control over financial reporting, including the re-design of our accounting processes and control procedures and the identification of gaps in our skills base and the expertise of our staff as required to meet the financial reporting requirements of a public company. In particular, during the first quarter, we have retained qualified independent third-party personnel, to conduct a comprehensive review of our internal controls and formalization of our review and approval processes in order. The appointed qualified independent third party assessed the Company's risk management framework to manage enterprise risk and is working to design a remediation plan which among other things, prevents fraudulent transactions. The risk based approach identified by the Company reflects the awareness of an acceptable level of risk to manage the Company considering the strategy, resources and regulatory environment. This measure is expected to lead to a detailed remediation plan and, subsequently, to an improvement in our internal controls which will enable us to expedite our month-end close process, thereby facilitating the timely preparation of financial reports and to strengthen our segregation of duties at the Company. We are also hired a full time Chief Financial Officer at MaSTherCell scheduled to begin September 2017 and a full time controller in our Israeli subsidiary. Finally, we are exploring implementing a new initiative to ease and automate data gathering from all affiliated companies (data warehousing) and implement quantitative and qualitative controls.

Our management will continue to monitor and evaluate the relevance of our risk-based approach and the effectiveness of our internal controls and procedures over financial reporting on an ongoing basis and is committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Changes in Internal Control Over Financial Reporting

During the three months ended May 31, 2017, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We know of no material pending legal proceedings to which the Company or its Subsidiaries are a party or of which any of its properties, or the properties of its Subsidiaries, are the subject. In addition, we do not know of any such proceedings contemplated by any governmental authorities.

We know of no material proceedings in which any of the Company's directors, officers or affiliates, or any registered or beneficial stockholder is a party adverse to the Company or its Subsidiaries or has a material interest adverse to the Company or its Subsidiaries.

ITEM 1A. RISK FACTORS

An investment in the Company's common stock involves a number of very significant risks. You should carefully consider the risk factors included in the "Risk Factors" section of the Annual Report on Form 10-K for the year ended November 30, 2016, as filed with the Securities & Exchange Commission on February 28, 2017, in addition to other information contained in those reports and in this quarterly report in evaluating the Company and its business before purchasing shares of our common stock. The Company's business, operating results and financial condition could be adversely affected due to any of those risks.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following paragraph sets forth certain information with respect to all securities sold by us during the three months ended May 31, 2017 without registration under the Securities Act:

During the three months ended May 31, 2017, we privately placed 1,923,076 shares of our Common Stock and three year warrants to purchase up to an additional 1,923,076 shares of the Company's Common Stock at a per share exercise price of \$0.52. The purchased securities were sold pursuant to subscription agreements between us and the institutional investor for aggregate proceeds to the Company of \$1 million.

During the three months ended May 31, 2017, the Company entered into definitive agreements with accredited and other qualified investors relating to a private placement of (i) 665,539 shares of the Company's Common Stock and (ii) three year warrants to purchase up to an additional 665,539 shares of the Company's Common Stock at a per share exercise price of \$0.52 or \$0.65. The purchased securities were issued pursuant to subscription agreements between the Company and the purchasers for aggregate proceeds to the Company of \$376 thousand.

These securities were not registered under the Securities Act of 1933, as amended (the "Securities Act"), but qualified for exemption under Section 4(a)(2) of the Securities Act and Regulation S promulgated thereunder. The securities were exempt from registration under Section 4(a)(2) of the Securities Act and Regulation S because the issuance of such securities by the Company did not involve a "public offering," as defined in Section 4(a)(2) of the Securities Act, the Investor's representations that it is not a U.S. Person as that term is defined in Rule 902(k) of Regulation S, and that it is acquiring the securities for its own account for investment purposes and not as nominee or agent, and not with a view to the resale or distribution thereof, and that the Investor understands that the securities may not be sold or otherwise disposed of without registration under the Securities Act and any applicable state securities laws, or an applicable exemption therefrom.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibits required by Regulation S-K:

No.	Description
<u>10.1*</u>	<u>Executive Employment Agreement dated as of March 30, 2017 between Orgensis Inc. and Vered Caplan</u>
<u>10.2*</u>	<u>Amendment No. 1 dated May 10, 2017 to Executive Employment Agreement dated as of March 30, 2017 between Orgensis Inc. and Vered Caplan</u>
<u>31.1*</u>	<u>Certification Statement of the Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002</u>
<u>31.2*</u>	<u>Certification Statement of the Chief Financial Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002</u>
<u>32.1*</u>	<u>Certification Statement of the Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002</u>
<u>32.2*</u>	<u>Certification Statement of the Chief Financial Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002</u>
<u>101.INS*</u>	<u>XBRL Instance Document</u>
<u>101.SCH*</u>	<u>XBRL Taxonomy Extension Schema</u>
<u>101.CAL*</u>	<u>XBRL Taxonomy Extension Calculation Linkbase</u>
<u>101.DEF*</u>	<u>XBRL Taxonomy Extension Definition Linkbase</u>
<u>101.LAB*</u>	<u>XBRL Taxonomy Extension Label Linkbase</u>
<u>101.PRE*</u>	<u>XBRL Taxonomy Extension Presentation Linkbase</u>

*Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ORGENESIS INC.

By:

/s/ Vered Caplan

Vered Caplan
President & Chief Executive Officer
(Principal Executive Officer)
Date: July 24, 2017

/s/ Neil Reithinger

Neil Reithinger
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer and Principal Accounting
Officer)
Date: July 24, 2017

EXECUTIVE EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement"), made and entered into this 30th day of March 2017 by and between Orgenesis Inc., a Nevada corporation (the "Company"), and Vered Caplan ("Executive").

WHEREAS, the Executive and the Company's Israel based subsidiary, Orgenesis Ltd., are currently parties to an Personal Employment Agreement dated August 22, 2014 pursuant to which Executive serves as Chief Executive officer of the Company(the "Prior Agreement"); and

WHEREAS, Company and the Executive wish to enter into this Agreement pursuant to which the Executive will continue to serve as Chief Executive Officer of the Company at which time this Agreement will supersede and replace in its entirety the Prior Agreement, and the Prior Agreement shall be of no further force or effect;

NOW, THEREFORE, in consideration of the mutual promises, terms, provisions, and conditions contained herein, the parties agree as follows:

1. Roles and Duties.

(a) Chief Executive Officer. Subject to the terms and conditions of this Agreement, Company shall continue to employ Executive as its Chief Executive Officer reporting to Company's Board of Directors ("Board"). Executive accepts such employment upon the terms and conditions set forth herein, and agrees perform to the best of Executive's ability the duties normally associated with such position and as determined by Company in its sole discretion. During Executive's employment, Executive shall devote all of Executive's business time and energies to the business and affairs of Company, provided that nothing contained in this Section 1 shall prevent or limit Executive's right to manage Executive's personal investments on Executive's own personal time, including, without limitation the right to make passive investments in the securities of: (a) any entity which Executive which does not compete with Company, or (b) any publicly held entity so long Executive's aggregate direct and indirect interest does not exceed two percent (10%) of the issued and outstanding securities of any class of securities of such publicly held entity. During Executive's employment, Executive shall not engage in any additional other non-Company related business activities of any nature whatsoever (including board memberships) without the Company's prior written consent. In addition, and so long as such activities do not interfere materially with Executive's performance of Executive's duties hereunder, Executive also may participate in civic, charitable and professional activities, but shall not serve in any official capacity, including as a member of a board, without the prior written consent of the Company's Board (excluding existing board memberships).

(b) Board Membership. Executive currently serve as a member of the Board and shall continue to so during Executive's employment hereunder, subject to any required approval. Executive's service as a Board member shall be without further compensation upon the listing of the Company's common stock on national exchange. Executive shall receive standard compensation (as other non-executive board members the Company) for serving on the Board effective immediately upon the termination of Executive's employment with Company for any reason.

2. Employment Term and Termination.

(a) Term. This Agreement shall be in effect commencing as of April 1, 2017 (the "Commencement Date") and shall continue in full force and effect until terminated pursuant to the terms hereof.

(b) Termination. Executive's employment may be terminated by either party, at any time,pursuant to the delivery of six months prior written notice (the "Notice Period").

(i) During the Notice Period and unless otherwise determined by the Company Executive shall continue to perform his duties until the conclusion of the Notice Period, and cooperate with the Company in assisting the integration of the person who will assume Executive's responsibilities. Notwithstanding the aforementioned, the Company shall have the right not to take advantage of the full Notice Period and may terminate Executive's employment at any time during the Notice Period. In the event of such termination, the Company shall pay Executive his Salary due to him hereunder as he would have been entitled to receive for the remaining period of the Notice Period.

(ii) It is hereby expressly stated that the Company reserves the right to terminate Executive's employment at any time during the Notice Period, regardless of whether notice of termination of employment was delivered by the Company or whether such notice was delivered by Executive. In the latter case such termination shall not constitute a dismissal of Executive by the Company.

(c) Company may terminate Executive's employment immediately for the following:

(i) Death. Immediately upon Executive's death;

(ii) For Cause (as defined below in Section 2(d)), upon written notice by Company to Executive that Executive's employment is being terminated for Cause which termination shall be effective on the date of such notice or such later date as specified in writing by Company; or

(iii) For reasons other than under Sections 2(d), upon written notice by Company to Executive that Executive's employment is being terminated, which termination shall be effective thirty (30) days after the date of such notice or such later date as specified in writing by Company.

Notwithstanding anything in this Section 2, Company may at any point terminate Executive's employment for Cause prior to the effective date of any other termination contemplated hereunder.

(e) Definition of "Cause". Cause" shall include: (i) Executive's willful engagement in dishonesty, illegal conduct or gross misconduct, which is, in each case, is materially injurious to Company or any affiliate; (ii) Executive's deliberate insubordination; (iii) Executive's substantial malfeasance or nonfeasance of duty; (iv) Executive's unauthorized disclosure of confidential information; (v) Executive's embezzlement, misappropriation or fraud, whether or not related Executive's employment with Company; or (vi) Executive's breach of a material provision of any employment, non-disclosure, invention assignment, non-competition, or similar agreement between Executive and Company. In all cases, Company shall provide Executive with written notice of the specific conduct or events that Company believes constitutes Cause and, in case of (ii) and (iii) above, Executive shall have thirty (30) days to effect a cure of the claimed conduct or events.

3. Compensation.

(a) Base Salary. Company shall pay Executive a base salary (the "Base Salary") at the annual rate of \$160,000. The Base Salary shall be payable in substantially equal monthly installments in accordance with Company's payroll practices as in effect from time to time. Company shall deduct from each such installment all amounts required to be deducted or withheld under applicable law or under any employee benefit plan in which Executive participates. The Board or an appropriate committee thereof shall review the Base Salary on an annual basis. Notwithstanding the foregoing, upon the listing of the Company's common stock on a national exchange, the Base Salary shall be increased to \$250,000.

(b) Annual Performance Bonus. Executive shall be eligible to receive an annual cash bonus (the “Annual Performance Bonus”), with the target amount of such Annual Performance Bonus equal to twenty-five (25%) of Executive’s Base Salary in the year to which the Annual Performance Bonus relates, provided that the actual amount of the Annual Performance Bonus may be greater or less than such target amount. The amount of the Annual Performance Bonus shall be determined by the Board or an appropriate committee thereof in its sole discretion, and shall be paid to Executive no later than January 31st of the calendar year immediately following the calendar year in which it was earned. Except as otherwise provided for in this Agreement, Executive must be employed by Company on the date on which the Annual Performance Bonus is paid in order to be eligible for, and to be deemed as having earned, such Annual Performance Bonus. Company shall deduct from the Annual Performance Bonus all amounts required to be deducted or withheld under applicable law or under any employee benefit plan in which Executive participates. For the avoidance of any doubt it is hereby clarified that the Annual Performance Bonus shall not constitute a part of the Salary for any purpose whatsoever, including for the purpose of the calculation of the severance pay, to the extent such payment is applicable.

(c) Signing Bonus. Upon execution, Executive will be entitled to a signing bonus of \$150,000.

(d) Equity. Subject to approval of the Board or an appropriate committee thereof and subject to shareholder approval of the Orgenesis Inc. 2017 Equity Incentive Plan (the “Plan”), Executive is entitled to options or other grants under the terms of the Plan. Subject to approval by the compensation committee, as soon as practically possible following stockholder approval of the Plan, the Company shall grant Executive pursuant to the terms of the Plan, a stock option (the “Option”) to purchase 4,000,000 shares of common stock of the Company, at a per share exercise price equal to the Fair Market Value (as defined in the Plan) of the Company’s common stock on the date of grant, which Option shall be, to the maximum extent permissible, treated as an “incentive stock option” within the meaning of Section 422 of the Code. The Option shall vest ratably on a semi-annual basis over four years on each anniversary of the Commencement Date, provided that Executive remains employed by Company on the vesting date; provided, further, however, that the Option shall vest fully immediately prior to a Change of Control (as defined below) or upon the non-renewal of this Agreement. The Option shall be evidenced in writing by, and subject to the terms and conditions of, the Plan and the Company’s standard form of stock option agreement, which agreement shall include cashless exercise provisions, expire ten (10) years from the date of grant except as otherwise provided in the stock option agreement or the Plan.

(e) Fringe Benefits. Executive shall be entitled to participate in all benefit/welfare plans and fringe benefits provided to Company senior executives. Executive understands that, except when prohibited by applicable law, Company’s benefit plans and fringe benefits may be amended by Company from time to time in its sole discretion.

(f) Reimbursement of Expenses. Company shall reimburse Executive for all ordinary and reasonable out-of-pocket business expenses incurred by Executive in furtherance of Company’s business in accordance with Company’s policies with respect thereto as in effect from time to time. Executive must submit any request for reimbursement no later than ninety (90) days following the date that such business expense is incurred. All reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during Executive’s lifetime (or during a shorter period of time specified in this Agreement); (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year; (iii) the reimbursement of an eligible expense shall be made no later than the last day of the calendar year following the year in which the expense is incurred; and (iv) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

(g) Additional Benefits

(i) Vacation. Executive shall be entitled to 25 working days' vacation in each calendar year. Executive is required to make every reasonable effort to exercise his annual vacation during the year it is accrued and shall be obliged to take at least five (5) paid vacation days during each year of Executive's employment; provided however, that if Executive is unable to utilize all the vacation days, he will be entitled to accumulate the unused balance of the vacation days standing to her credit. Executive shall be entitled to redeem the unused vacation days upon termination of employment. Vacation shall be taken in accordance with the Company policy and prior approval. For avoidance of any doubt, it is hereby agreed that the Company shall be entitled to set uniform dates for vacation to all or part of its employees, as it shall deem fit.

(ii) Recreation Pay. The Executive shall be entitled to annual recreation pay ("*Dmey Havra-ah*") for 10 days per year, in the amount determined in accordance with the applicable law.

(iii) Sick Leave. The Executive shall be entitled to sick leave ("*Yemei Mahala*") as provided by the Sickness Pay Law, 5736-1976,. The Executive shall notify the Company, immediately, of any absence due to sickness and furnish the Company with an applicable medical certificate to approve it. Sick days are not redeemable and may not be converted into cash.

(iv) Company Car. Company shall provide Executive with a Mazda MPV or equivalent car (the "**Company Car**") to be placed at Executive's disposal, solely for Executive's business and reasonable personal use and for the reasonable use of her spouse and any children over the age of 19 holding valid driver's licenses (the "**Authorized Drivers**"), provided that Company's procedures in respect of said use are followed. Executive shall take good care of such Company Car and ensure that the provisions of the insurance policy and Company's rules relating to the Company's cars, as shall exist from time to time, are strictly, lawfully and carefully observed.

Executive is aware that in order to provide her with the Company Car the Company shall lease the Company Car from a leasing company, and Executive undertakes to strictly comply with the provisions of the leasing agreement.

Executive shall bear all expenses relating to any violation of law committed in connection with the use of the Company Car, including without limitation, all fines and penalties and the cost of any deductible amount charged the Company for damage caused to the Company Car and/or any amount in compensation of any type charged the Company in connection with the use of the Company Car by Executive and/or any Authorized Driver.

Executive hereby irrevocably authorizes Company to set off and deduct all amounts that may be owed to Company under this Section 0 from and against the Salary and/or any other amounts due to Executive from Company under the Employment Agreement.

The value of the monthly use of the Company Car shall be added to the Salary, in accordance with income tax regulations applicable thereto and Executive shall bear all taxes in connection with the Company Car and/or the use thereof.

Executive shall return the Company Car (together with its keys and any other equipment supplied and/or installed therein by Company) to Company's principal office upon termination of her employment under this Agreement.

4. Manager's Insurance/Pension

As of the Commencement Date, the Company shall, on a monthly basis, pay for, and deduct and transfer from payments due to Executive for, a manager's insurance policy or a pension fund, or a combination thereof, for Executive, as selected by Executive as follows:

In the event that Executive selects manager's insurance:

- (i) The Company shall pay into the manager's insurance policy an amount equal to 6.5% of Executive's monthly Base Salary on account of pension fund payment (Tagmulim) under the manager's insurance policy. Such contribution includes contribution to a disability insurance policy on Executive's behalf which would insure 75% of the Executive's monthly Base Salary. To the extent necessary, such amount shall be increased to a total maximum of 7.5% of Executive's monthly Base Salary if such increase is required for purchasing a disability insurance policy insuring 75% of Executive's monthly Base Salary, provided that Company's payment to Tagmulim shall not be less than 5% of Executive's monthly Base Salary;
- (ii) The Company shall deduct 6.5% from Executive's monthly Base Salary on behalf of Executive and shall transfer such amount to the manager's insurance policy on account of pension fund payment (Tagmulim) under the manager's insurance policy;
- (iii) The Company shall pay into the managers' insurance policy 8.33% of Executive's monthly Base Salary for severance pay (Pituzei Piturim).

In the event that the Executive selects a pension fund:

- (iv) The Company shall pay a sum equal to 6.5% of Executive's monthly Base Salary on account of pension fund payment (Tagmulim).
- (v) The Company shall deduct 6% of Executive's monthly Base Salary on behalf of Executive and shall transfer such amount to the pension fund as Executive's share of the pension fund payment (Tagmulim);
- (vi) The Company shall pay 8.33% of Executive's monthly Base Salary for severance pay (Pituzei Piturim) into the pension fund.

(h) Executive shall be entitled to elect to have the Company make the payments and deductions set forth above to a manager's insurance policy for part of Executive's monthly Base Salary and to a pension fund for the remainder of Executive's monthly Base Salary, and under such circumstances the provisions of Section 6.1 shall apply pro rata to such parts of Executive's monthly Base Salary as if they were the whole salary.

(i) All the payments and deductions set forth in this Section shall be based upon the monthly Base Salary, as defined above, in accordance with its amount from time to time, and under no circumstances, shall the payments and deduction set forth in this Section be made with respect to an amount in excess of the Executive's total monthly payments of the Base Salary.

(j) The Parties hereby declare and agree that the pension arrangement in accordance with this clause constitutes a "beneficial arrangement" for the purpose of the Extension Order (Combined Version) for Mandatory Pension under the Collective Agreements Law, 5717-1957 (the "**Pension Extension Order**"), and the Company shall not be under any obligation to provide any pension arrangement as provided in the Pension Extension Order other than as provided under this Section 6.

(k) Without derogating from the generality of the aforesaid, as of the Commencement Date, all payments made by the Company to the pension fund and/or the manager's insurance shall be in lieu of severance pay due to Executive or his heirs from the Company with respect to and from which the said payments were made, and for the period made, and the Company shall not have any additional or other obligations to pay the Executive severance payments, and the Executive hereby consents to this arrangement in accordance with Section 14 of the Severance Pay Law 5723-1963 and the "General Approval regarding the Payments of Executive to the Pension Fund and Insurance Fund instead of the payment of Severance Pay" (the "**General Approval**"), a copy of which is attached to this Agreement as **Appendix A** and the provisions of the General Approval shall apply to the Executive and this Agreement. In any event of a contradiction between the provisions of this Agreement and the provisions of the General Approval, the provisions of the General Approval shall prevail.

(k) For avoidance of doubt, as of the date indicated herein, the General Approval has not yet been updated to reflect the percentages of contributions/deductions indicated above. In the event of discrepancy between an updated General Approval and the percentages stated herein, the updated General Approval shall prevail.

(l) The Company hereby waives any entitlement and/or right for reimbursement with respect to the severance compensation and acknowledges, that upon termination of Executive's employment in the Company, including inter alia, in the event of Executive's resignation, the Company shall release the severance compensation and shall transfer the severance compensation to the Executive, except in the event that: (i) the Company has terminated Executive's employment due to circumstances under which his entitlement for severance payment is denied pursuant to Articles 16 or 17 of the Severance Law; or (ii) the Employee has already withdrawn funds from the pension fund or the manager's insurance not as a result of an "Entitling Event" according to Section 2(b) of the General Approval

(m) Indemnification. Executive shall be entitled to indemnification with respect to Executive's services provided hereunder pursuant to Delaware law, the terms and conditions of Company's certificate of incorporation and/or by-laws, Company's directors and officers ("D&O") liability insurance policy and Company's standard indemnification agreement for directors and officers as executed by Company and Executive.

5. Advanced Study Fund

(a) The Company shall continue to make monthly contributions on the Executive 's behalf to a recognized advanced study fund ("Keren Hishtalmut") (hereinafter the "**Study Fund**"), in an amount equal to 7.5% of monthly Base Salary of the Executive. In addition, the Company shall deduct 2.5% from the monthly Base Salary. It is hereby clarified that the sums contributed by the Company to the Study Fund will not exceed the exempted limit recognized by the Income Tax Authority from time to time.

(b) The sums contributed by the Executive shall be deducted by the Company directly from the monthly Base Salary of the Employee. The Employee hereby instructs the Company to transfer to the Study Fund from each monthly Salary of the Executive due to him the amount of the Employee's and the Company's contribution, as set forth above.

(c) Should any tax or other compulsory payment be imposed and payable in respect of the Company's contributions to the Study Fund, such tax shall be paid by the Executive and deduct according to law.

(d) The Study Fund shall be transferred to the Executive, subject to any applicable law, upon the termination of the Executive 's employment.

6. Payments Upon Termination.

(a) Definition of Accrued Obligations. For purposes of this Agreement, "Accrued Obligations" means: (i) the portion of Executive's Base Salary that has accrued, including vacation time, prior to any termination of Executive's employment with Company and has not yet been paid; and (ii) the amount of any expenses properly incurred by Executive on behalf of Company prior to any such termination and not yet reimbursed. Executive's entitlement to any other compensation or benefit under any plan of Company shall be governed by and determined in accordance with the terms of such plans, except as otherwise specified in this Agreement.

(b) Termination by Company for Cause or as a Result of Executive's Death. If Executive's employment hereunder is terminated by Company for Cause or as a result of Executive's death, then Company shall pay the Accrued Obligations to Executive promptly following the effective date of such termination and shall have no further obligations to Executive.

(c) Termination by Company Without Cause or Upon Expiration of the Term. In the event that Executive's employment is terminated by action of Company other than for Cause or Executive terminates employment for any reason whatsoever, then, in addition to the Accrued Obligations, Executive shall receive the following, subject to the terms and conditions described in Section 4(e) (including Executive's execution of a release of claims):

(i) Severance Payments. An amount equal to the sum of (x) Executive's annual Base Salary at the rate in effect as of the termination date, and (y) the greater of actual or target Annual Performance Bonus to which Executive may have been entitled for the year in which Executive's employment terminates, in each case less all customary and required taxes and employment-related deductions. The severance payment provided for in this Section 4(c)(i) shall be paid in one lump sum payment within 10 days of termination.

(ii) Benefits Payments. The Company shall pay to Executive an amount equal to the Company's share of the premium paid for Executive while Executive was an active employee for medical insurance coverage under the Company's health care plan (the "Healthcare Subsidy") for a period of twelve (12) months following Executive's termination date. The Healthcare Subsidy shall be paid, less required withholdings, in the same manner and the same time as the payments under Section 4(c)(i) are paid.

(iii) Vesting of Options. All options heretofore granted and not vested shall immediately vest.

Payment of the above described severance payments and benefits are expressly conditioned on Executive's execution without revocation of the release of claims under Section 4(e) and return of Company property under Section 6 and continued compliance with the Executive's obligations in the Restrictive Covenant Agreement (as defined below). In the event that Executive is eligible for the severance payments and benefits under this Section 4(c), Executive shall not be eligible for and shall not receive any of the severance payments and benefits as provided in Section 4(d).

(d) Termination by Company Without Cause or by Executive Following a Change of Control. In the event that a Change of Control (as defined below) occurs and within a period of one (1) year following the Change of Control, either Executive's employment is terminated other than for Cause, or Executive terminates Executive's employment for any reason whatsoever, then, in addition to the Accrued Obligations, Executive shall receive the following, subject to the terms and conditions described in Section 6(e) (including Executive's execution of a release of claims):

(iii) Severance Payment. An amount equal to one and a half times the sum of (x) Executive's annual Base Salary at the rate in effect as of the termination date, and (y) the target Annual Performance Bonus to which Executive may have been entitled for the year in which Executive's employment terminates, in each case less all customary and required taxes and employment-related deductions. The severance payment provided for in this Section 4(d)(i) shall be paid over a 18-month period in accordance with Company's normal payroll practices (provided such payments shall be made at least monthly), commencing on the first payroll date following the date on which the release of claims required by Section 4(e) becomes effective and non-revocable, but not after sixty (60) days following the effective date of termination from employment; provided, that if the 60th day falls in the calendar year following the year during which the termination or separation from service occurred, then the payments will commence in such subsequent calendar year; provided further that if such payments commence in such subsequent year, the first such installment shall include an amount equal to the payments that would have been paid if the payments had commenced in the first month following the termination of employment.

(iv) Benefit Payments. The Company shall pay to Executive the Healthcare Subsidy for a period of eighteen (18) months following Executive's termination date. The Healthcare Subsidy shall be paid, less required withholdings, in the same manner and the same time as the payments under Section 4(d)(i) are paid.

(v) Vesting of Options. All options heretofore granted and not vested shall immediately vest.

Payment of the above described severance payments and benefits are expressly conditioned on Executive's execution without revocation of the release of claims under Section 4(e) and return of Company property under Section 6 and continued compliance with Executive's obligations in the Restrictive Covenant Agreement. In the event that Executive is eligible for the severance payments and benefits under this Section 6(d), Executive shall not be eligible for and shall not receive any of the severance payments and benefits as provided in Section 6(c).

As used herein, a "Change of Control" shall mean the occurrence of any of the following events: (A) The approval by shareholders of the Company of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (B) The approval by the shareholders of the Company of a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(e) Execution of Release of Claims. Company shall not be obligated to pay Executive any of the severance payments or benefits described in this Section 4 unless and until Executive has executed (without revocation) a timely release of claims in a form that is acceptable to Company, and which includes standard and reasonable terms regarding items such as mutual non-disparagement, confidentiality, cooperation and the like, which must be provided to Executive within fifteen (15) days following separation from service, and must be effective and irrevocable prior to the 60th day following Executive's separation from service (the "Review Period"), and which shall include a general release of claims against Company and its affiliated entities and each of their officers, directors, employees and others associated with Company and its affiliated entities. If Executive fails or refuses to return such agreement, or revokes the agreement, within the Review Period, Executive's severance payments hereunder and benefits shall be forfeited.

(f) No Other Payments or Benefits Owning. The payments and benefits set forth in this Section 4 shall be the sole amounts owing to Executive upon termination of Executive's employment for the reasons set forth above and Executive shall not be eligible for any other payments or other forms of compensation or benefits. The payments and benefits set forth in Section 4 shall be the sole remedy, if any, available to Executive in the event that Executive brings any claim against Company relating to the termination of Executive's employment under this Agreement.

7. Prohibited Competition And Solicitation. Executive expressly acknowledges that: (a) there are competitive and proprietary aspects of the business of Company; (b) during the course of Executive's employment, Company shall furnish, disclose or make available to Executive confidential and proprietary information and may provide Executive with unique and specialized training; (c) such Confidential Information and training have been developed and shall be developed by Company through the expenditure of substantial time, effort and money, and could be used by Executive to compete with Company; and (d) in the course of Executive's employment, Executive shall be introduced to customers and others with important relationships to Company, and any and all "goodwill" created through such introductions belongs exclusively to Company, including, but not limited to, any goodwill created as a result of direct or indirect contacts or relationships between Executive and any customers of Company. In light of the foregoing acknowledgements and as a condition of employment hereunder, Executive agrees to execute and abide by Company's Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement (the "Restrictive Covenant Agreement").

8. Property and Records. Upon the termination of Executive's employment hereunder for any reason or for no reason, or if Company otherwise requests, Executive shall: (a) return to Company all tangible business information and copies thereof (regardless how such Confidential Information or copies are maintained), and (b) deliver to Company any property of Company which may be in Executive's possession, including, but not limited to, Blackberry-type devices, smart phones, laptops, cell phones, products, materials, memoranda, notes, records, reports or other documents or photocopies of the same.

9. Code Sections 409A and 280G.

(a) In the event that the payments or benefits set forth in Section 4 of this Agreement constitute "non-qualified deferred compensation" subject to Section 409A, then the following conditions apply to such payments or benefits:

(i) Any termination of Executive's employment triggering payment of benefits under Section 4 must constitute a "separation from service" under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A -1(h) before distribution of such benefits can commence. To the extent that the termination of Executive's employment does not constitute a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A -1(h) (as the result of further services that are reasonably anticipated to be provided by Executive to Company at the time Executive's employment terminates), any such payments under Section 4 that constitute deferred compensation under Section 409A shall be delayed until after the date of a subsequent event constituting a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. §1.409A -1(h). For purposes of clarification, this Section 7(a) shall not cause any forfeiture of benefits on Executive's part, but shall only act as a delay until such time as a "separation from service" occurs.

(ii) Notwithstanding any other provision with respect to the timing of payments under Section 4 if, at the time of Executive's termination, Executive is deemed to be a "specified employee" of Company (within the meaning of Section 409A(a)(2)(B)(i) of the Code), then limited only to the extent necessary to comply with the requirements of Section 409A, any payments to which Executive may become entitled under Section 4 which are subject to Section 409A (and not otherwise exempt from its application) shall be withheld until the first (1st) business day of the seventh (7th) month following the termination of Executive's employment, at which time Executive shall be paid an aggregate amount equal to the accumulated, but unpaid, payments otherwise due to Executive under the terms of Section 4.

(b) It is intended that each installment of the payments and benefits provided under Section 4 of this Agreement shall be treated as a separate "payment" for purposes of Section 409A. Neither Company nor Executive shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(c) Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall be interpreted and at all times administered in a manner that avoids the inclusion of compensation in income under Section 409A, or the payment of increased taxes, excise taxes or other penalties under Section 409A. The parties intend this Agreement to be in compliance with Section 409A. Executive acknowledges and agrees that Company does not guarantee the tax treatment or tax consequences associated with any payment or benefit arising under this Agreement, including but not limited to consequences related to Section 409A.

(d) If any payment or benefit Executive would receive under this Agreement, when combined with any other payment or benefit Executive receives pursuant to a Change of Control (for purposes of this section, a "Payment") would: (i) constitute a "parachute payment" within the meaning of Section 280G of the Code; and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then such Payment shall be either: (A) the full amount of such Payment; or (B) such lesser amount (with cash payments being reduced before stock option compensation) as would result in no portion of the Payment being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local employment taxes, income taxes, and the Excise Tax, results in Executive's receipt, on an after-tax basis, of the greater amount of the Payment notwithstanding that all or some portion of the Payment may be subject to the Excise Tax.

10. General.

(a) Notices. Except as otherwise specifically provided herein, any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt.

Notices to Executive shall be sent to the last known address in Company's records or such other address as Executive may specify in writing.

Notices to Company shall be sent to:

2027 Goldenrod Lane, Germantown MD 20876
Attention: Chairman of the Board

or to such other Company representative as Company may specify in writing.

(b) Modifications and Amendments. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto.

(c) Waivers and Consents. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent shall be deemed to be or shall constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given, and shall not constitute a continuing waiver or consent.

(d) Assignment. Company may assign its rights and obligations hereunder to any person or entity that succeeds to all or substantially all of Company's business or that aspect of Company's business in which Executive is principally involved. Executive may not assign Executive's rights and obligations under this Agreement without the prior written consent of Company.

(e) Governing Law/Dispute Resolution. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of the State of Israel, without giving effect to the conflict of law principles thereof. Any legal action or proceeding with respect to this Agreement shall be brought in the appropriate courts in Israel. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts.

(f) Headings and Captions. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and shall in no way modify or affect the meaning or construction of any of the terms or provisions hereof.

(g) Entire Agreement. This Agreement, together with the other agreements specifically referenced herein, embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement shall affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

(h) Counterparts. This Agreement may be executed in two or more counterparts, and by different parties hereto on separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For all purposes a signature by fax shall be treated as an original.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

VERED CAPLAN

ORGENESIS INC

By:

Signature
Address:

Name:
Title:

Appendix A

Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement

This Confidentiality, Intellectual Property, Non-Competition and Non-Solicitation Agreement (the "**Agreement**") is entered into as of March 29, 2017, by and between Orgenesis, Inc. (the "**Company**"), and Vered Caplan, an individual (the "**Executive**").

RECITALS

WHEREAS, concurrently upon the execution of this Agreement, the Company and Executive are entering into that certain Executive Employment Agreement under which Executive shall continue to be employed by the Company; and

WHEREAS Executive acknowledges that: (i) there are competitive and proprietary aspects of the business of Company; (ii) during the course of Executive's employment, Company has furnished, disclosed and/or made available and shall furnish, disclose and/or make available to Executive confidential and proprietary information and may have provided and may provide Executive with unique and specialized training; (iii) such Confidential Information and training have been developed and shall be developed by Company through the expenditure of substantial time, effort and money, and could be used by Executive to compete with Company; and (iv) in the course of Executive's employment, Executive was introduced and shall be introduced to customers and others with important relationships to Company, and any and all "goodwill" created through such introductions belongs exclusively to Company, including, but not limited to, any goodwill created as a result of direct or indirect contacts or relationships between Executive and any customers of Company; and

WHEREAS, in light of the foregoing acknowledgements the Company requires that Executive make certain proprietary information, invention assignment, non-compete and non-solicitation commitments as a condition to the continuation of his employment;

THEREFORE, in consideration of Executive's continued employment with the Company, and the compensation received by Executive from the Company, from time to time, Executive and Company hereby agree as follows:

1. **Definitions.** For purposes of this Agreement, the following terms are defined as follows:

1.1. "**Affiliate**" of the Company means an entity that, directly or indirectly, controls, is controlled by, or is under common control with the Company.

1.2. "**Company Intellectual Property**" means Intellectual Property Rights created, conceived, conducted, developed, reduced to practice, compiled, written, authored, made and/or produced by Executive (whether jointly or alone), whether prior to or during the course of Executive employment with the Company, whether or not during working hours, and/or conceived, conducted, developed, reduced to practice, compiled, written, authored, made and/or produced by Executive, prior to, during the term of Executive's employment or thereafter using Company's premises, intellectual property (including without limitation Company Intellectual Property) materials, products, and/or resources, all whether or not recorded in material form.

1.3. "**Confidential Information**" any and all information, data, materials, Know-How and Documents in whatever form, including but not limited to technical and scientific information, data, information regarding research and development related to actual or anticipated products, laboratory records, analytical and quality control data, trial data, case report forms, data analyses, reports or summaries and information contained in submissions to, and information from regulatory authorities', inventions, whether patentable or non-patentable, discoveries, conceptions, intellectual property rights, data rights, records, results, formulations, methods, processes, techniques, compilation, program, devices, systems, compounds, innovations, designs, drawings, sketches, diagrams, formulas, computer files, product definitions, product research, manuals, selection processes, data, methods of manufacture, planning processes, trade secrets, business secrets, business plans, copyrights, proprietary information, customer lists, names of customers, list of suppliers, marketing plans, strategies, forecasts, business forecasts, processes, finances, costing, sales, prices, terms of payment, details of employees and officers and of the remuneration and other benefits paid to them, improvements and any other data related to the business or affairs of Company, its Affiliates and/or their respective customers, including customers with whom Company is negotiating, which is: (i) disclosed by or on behalf of Company, Affiliates and/or their respective customers to Executive; (ii) was or may be otherwise acquired by Executive during his employment with the Company; and/or (iii) was and/or may be generated and/or developed by Executive as a result of: (a) use by Executive of any Confidential Information of the Company, its Affiliates and/or their respective customers; and/or (b) Executive's employment by Company, all whether or not in the case of documents or other written materials or any materials in electronic format they are or were marked as confidential and whether or not, in the case of other information, such information is identified or treated by the Company or any of its Affiliates as being confidential.

1.4. "**Documents**" means documents, records, notebooks, results, agreements, calculations in each case whether electronic or in hard copy.

1.5. "**Inventions**" means all Know-How, Documents and business methods, inventions, discoveries, formulas, ideas, results, records, concepts, processes, techniques, developments, improvements, innovations, new uses, derivatives, processes, procedures formulae, models, assays prototypes, methods, designs, techniques, compounds, conceptions, results, data, data rights, know how, materials, records, documentation, technology, products, works of authorship, laboratory records, analytical and quality control data, trial data, case report forms, data analyses, reports or summaries, all whether or not patentable, copyrightable or capable of registration, and whether or not recorded in any medium.

1.6. "**Intellectual Property Rights**" means patents, Inventions, copyright and related rights, trade marks, trade names, service marks and domain names, rights in get-up, goodwill, rights to sue for passing off, design rights, semi-conductor topography rights, database rights, confidential information, moral rights, proprietary rights, data rights, enforcement rights, royalty rights and any other intellectual property rights in each case whether registered or unregistered and including all applications or rights to apply for, and renewals or extensions of such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world.

1.7. "**Know How**" means a package of expertise, practical information or skills, resulting from experience and testing relating to any inventions, formulae, designs, drawings, procedures or methods.

2. **Confidential Information**. Executive hereby covenants and undertakes as follows:

2.1. **Nondisclosure of Confidential Information**. Executive shall not at any time during his employment nor at any time after its termination except for the benefit of the Company or its Affiliates, directly or indirectly use or assist a third party to use; divulge, disclose, publish, transfer or communicate; and/or permit or cause any unauthorized disclosure of any Confidential Information relating to the Company, its Affiliates, and/or their respective customers, prospective customers or suppliers. Notwithstanding any other provision of this agreement, Executive may communicate with the government about possible legal violations without violating the provisions of the Agreement.

2.2. The restrictions in clause **Error! Reference source not found.** do not apply to:

2.2.1. any disclosure required for the proper performance of the Executive's duties during his employment or as authorized by the Company's Board of Directors;

2.2.2. any disclosure made to any person authorized by the Company to possess the relevant information;

2.2.3. any information or knowledge that was known to the Executive prior to the commencement date of his employment; or

2.2.4. any information which becomes available to the public generally otherwise than through the default of the Executive.

2.3. Any and all Confidential Information, Documents and Company Intellectual Property including, without limitation, lists of customers and suppliers, employees correspondence, documents, computer and other discs and tapes, data listings, codes, designs and drawings and other documents and materials whatsoever in Executive's possession or under Executive's control and whether or not made or created by Executive, relating to the business and/or the financial affairs of the Company, its Affiliates, and/or their respective agents, customers, prospective customers and/or suppliers, are and shall remain the exclusive property of the Company or its relevant Affiliate; will be handed over by Executive to the Company on demand and, in any event, immediately on the termination of Executive's employment and Executive will certify that all such property has been so handed over; and will on demand and, in any event, immediately on the termination of Executive's employment, will be permanently deleted from any computer system in Executive's possession or under Executive's control.

3. Intellectual Property

3.1. The parties acknowledge that Executive may have created in the past and/or may create in the future Inventions (alone or jointly), prior to, during the course of Executive's employment with the Company and/or thereafter and that Executive has a special obligation to further the interests of the Company in relation to such Inventions. Executive shall, promptly following creation, disclose to the Company all such Inventions and works embodying Company Intellectual Property.

3.2. All rights, title and interests in and to the Company Intellectual Property shall be solely and exclusively owned by the Company. Executive acknowledges and agrees that any and all such Company Intellectual Property, including any marketing, advertising and promotional materials, and other works of authorship, are "works made for hire" for purposes of the Company's rights under copyrights laws.

Executive hereby assigns and undertakes to assign to the Company any and all rights, title and interests he may have or acquire in such Company Intellectual Property, without any further remuneration or compensation.

3.3. During the period in which the Executive is employed by the Company and/or otherwise provides services to the Company, and after termination of such period, the Executive will:

3.3.1. Upon the request of the Company, to execute all such documents, both during and after his employment, as the Company may require to vest in the Company all right, title and interest pursuant to this Agreement;

3.3.2. to provide all such information and assistance and do all such further things as the Company may require to enable it to protect, maintain and exploit the Company Intellectual Property to the best advantage, including (without limitation), at the Company's request, applying for the protection of Inventions throughout the world;

3.3.3. to assist the Company in applying for the registration of any registerable Company Intellectual Property, enable it to enforce the Company Intellectual Property against third parties and to defend claims for infringement of third party Intellectual Property Rights;

3.3.4. not to apply for the registration of any Company Intellectual Property in the United States or any other part of the world without the prior written consent of the Company; and

3.3.5. to treat all Company Intellectual Property as Company's Confidential Information unless the Company has consented in writing to its disclosure by Executive.

3.4. Executive hereby irrevocably appoint the Company as Executive's attorney in his name to sign, execute, do or deliver on Executive's behalf any deed, document or other instrument and to use Executive name for the purpose of giving full effect to this Section 3.

4. Additional Undertakings and Representations

4.1. The Executive has not and shall not disclose to the Company or induce the Company to use any Inventions and/or confidential information belonging to any third party.

4.2. The Executive hereby represents and warrants that he has no continuing obligations with respect to assignment or disclosure of Confidential Information and/or Company Intellectual Property to any previous employers or other person. The Executive further certifies that he does not claim any previous unpatented or non-published inventions or expressions, respectively, within the scope of this Agreement.

4.3. The Executive represents and warrants that the consummation by him of the transactions described herein will not result in or constitute any of the following: a breach of any term or condition of this Agreement; a default or an event that, with notice or lapse of time or both, would constitute a default, breach or violation of any agreement, instrument or arrangement to which the Executive is a party or an event that would permit any third party to terminate an agreement or to accelerate the maturity of one of the duties or obligations owed to it by the Executive.

4.4. Executive and the Company agree that it is important for any prospective employer to be aware of this Agreement, so that disputes concerning this Agreement can be avoided in the future. Therefore, the Executive agrees that, following termination of employment with the Company, the Company may forward a copy of this Agreement to any future prospective or actual employer, and the Executive releases the Company from any claimed liability or damage caused to the Executive by virtue of the Company's act in making that prospective or actual employer aware of this Agreement.

5. Covenant not to Compete; Non-Solicitation.

5.1. As the CEO of the Company, the Executive had and will continue to have access to the Company's most sensitive and commercially valuable Confidential Information. The Executive hereby covenants that the Executive shall not, for a period of six (6) months after the termination of the Executive's employment (the "**Restricted Period**"), do any of the following directly or indirectly without the prior written consent of the Company in its sole discretion:

5.1.1. engage or participate, directly or indirectly, in any business activity defined as direct competition with the business of the Company as conducted during the term of the Executive's Employment and/or as to Executive's knowledge is to be carried out by the Company and/or by any of its Affiliates at any time during the Restricted Period (collectively the "**Business**");

5.1.2. become an employee, agent, distributor, consultant or other service provider to any person or entity engaged in a business that is competitive with the Business of the Company;

5.1.3. influence or attempt to influence any customer or potential customer of the Company to terminate or modify any written or oral agreement or course of dealing with the Company and/or any of its Affiliates; or

5.1.4. influence or attempt to influence any person to terminate or modify its employment, consulting, agency, distributorship or other arrangement with the Company and/or any of its Affiliates.

5.2. The Executive acknowledges that the Executive has carefully read and considered the provisions of this Section 5. The Executive acknowledges that the foregoing restrictions may limit the Executive's ability to earn a livelihood in a business similar to the Company's business, but the Executive nevertheless acknowledges that he has received, and will receive, sufficient consideration and other benefits in connection with the Executive's employment with the Company to justify such restrictions, which restrictions the Executive does not believe would prevent the Executive from earning a living in businesses that are not competitive with the Company's business and without otherwise violating the restrictions set forth herein.

6. General Provisions.

6.1. The Executive acknowledges that the Company and any person, corporation, partnership or other entity affiliated with the Company will suffer immediate and irreparable harm as a result of any violation, breach or threatened breach of this Agreement by the Executive. The Company shall be entitled, and the Executive hereby consents to the issuance in any court of competent jurisdiction, with or without notice, and in addition to any other remedy, including damages, which may be available at law or in equity, to temporary, preliminary and permanent orders and injunctions, without bond or undertaking, restraining and enjoining such breach or violation by the Executive and any other person, corporation, partnership or other entity including their officers, directors, shareholders, employers, servants or agents who may be acting in concert with the Executive or to whom such Company Confidential Information may have been disclosed. If the Company is successful in any legal action seeking enforcement of this Agreement or damages relating thereto it shall be entitled to reimbursement of its out-of-pocket expenses, including reasonable legal fees and disbursements, in connection therewith.

6.2. Executive acknowledges that: (i) this Agreement has been specifically bargained between the parties and reviewed by Executive, (ii) Executive has had an opportunity to obtain legal counsel to review this Agreement, and (iii) the covenants made by and duties imposed upon Executive hereby are fair, reasonable and minimally necessary to protect the legitimate business interests of the Company, and such covenants and duties will not place an undue burden upon Executive's livelihood in the event of termination of Executive's employment by the Company and the strict enforcement of the covenants contained herein.

6.3. Except as otherwise specifically provided herein, any notice required or permitted by this Agreement shall be in writing and shall be delivered as follows with notice deemed given as indicated: (i) by personal delivery when delivered personally; (ii) by overnight courier upon written verification of receipt; (iii) by telecopy or facsimile transmission upon acknowledgment of receipt of electronic transmission; or (iv) by certified or registered mail, return receipt requested, upon verification of receipt.

Notices to Executive shall be sent to the last known address in Company's records or such other address as Executive may specify in writing.

Notices to Company shall be sent to:

or to such other Company representative as Company may specify in writing.

6.4. This Agreement may be altered, amended or modified only in writing, signed by both of the parties hereto.

6.5. Headings included in this Agreement are for convenience only and are not intended to limit or expand the rights of the parties hereto. References to Sections herein shall mean sections of the text of this Agreement, unless otherwise indicated.

6.6. This Agreement and the rights and duties set forth herein may not be assigned by Executive without the express written consent of the Company.

6.7. If any court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then such invalidity or unenforceability shall have no effect on the other provisions hereof, which shall remain valid, binding and enforceable and in full force and effect, and such invalid or unenforceable provision shall be construed in a manner so as to give the maximum valid and enforceable effect to the intent of the parties expressed therein.

6.8. The waiver by either party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach by either party.

6.9. The rights and obligations under this Agreement shall survive the termination of Executive's employment and/or the termination of this Agreement, for any reason, and shall remain in full force and effect thereafter.

6.10. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by the law of Israel, without giving effect to the conflict of law principles thereof. Any legal action or proceeding with respect to this Agreement shall be brought in the courts of the Supreme Court of Israel. By execution and delivery of this Agreement, each of the parties hereto accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts.

6.11. Jury Waiver: ANY, ACTION, DEMAND, CLAIM, OR COUNTERCLAIM ARISING UNDER OR RELATING TO THIS AGREEMENT SHALL BE RESOLVED BY A JUDGE ALONE AND EACH OF COMPANY AND EXECUTIVE WAIVES ANY RIGHT TO A JURY TRIAL THEREOF.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Name

ORGENESIS INC.

/s/ Vered Caplan

Signature

Address:

By: /s/ David Sidransky

Name: David Sidransky

Title: Director

AMENDMENT No. 1 (“Amendment”) TO **EXECUTIVE EMPLOYMENT AGREEMENT** is made this 10th day of May 2017 between **ORGENESIS INC.** (the “Company”) and **VERED CAPLAN** (“Executive”).

WHEREAS, the Company and Executive desire to amend the Executive Employment Agreement entered into by the parties on March 30, 2017 (the “Agreement”) to clarify the grant and vesting of options, as hereinafter provided.

NOW THEREFORE in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which is also hereby acknowledged by each of the parties hereto, the parties hereto hereby agree as follows:

1. All capitalized terms not otherwise defined herein shall have the meanings set out in the Agreement.

2. Section 3(d) of the Agreement is deleted in its entirety and replaced with the following:

“(d) Equity. Subject to approval of the Board or an appropriate committee thereof and subject to shareholder approval of the Orgenesis Inc. 2017 Equity Incentive Plan (the “Plan”), Executive is entitled to options or other grants under the terms of the Plan. Subject to approval by the compensation committee, as soon as practically possible following stockholder approval of the Plan, the Company shall grant Executive pursuant to the terms of the Plan, a stock option (the “Initial Option”) to purchase 1,000,000 shares of common stock of the Company, at a per share exercise price equal to the Fair Market Value (as defined in the Plan) of the Company’s common stock on the date of grant. Thereafter, beginning in fiscal 2018, subject to approval by the compensation committee, Executive shall be entitled to an additional option (the “Additional Option”; together with the Initial Option, the “Options”) to purchase 3,000,000 shares of common stock of the Company in such amounts per fiscal year as shall be consistent with the Plan, in each case at a per share exercise price equal to the Fair Market Value (as defined in the Plan) of the Company’s common stock on the date of grant; provided however, that the Company shall grant a minimum of 1,000,000 Additional Options not later than the anniversary of the Commencement Date in each of the three years hereafter. In all cases, the Options shall be, to the maximum extent permissible, treated as an “incentive stock option” within the meaning of Section 422 of the Code. The Initial Option shall vest in two equal tranches upon the six and twelfth month anniversary of the Commencement Date. The Additional Option shall vest in tranches of 500,000 shares every six months from the date of grant, provided that Executive remains employed by Company on the vesting date; provided, further, however, that the Options shall vest fully immediately prior to a Change of Control (as defined below), or as otherwise provided for in the Plan. The Options shall be evidenced in writing by, and subject to the terms and conditions of, the Plan and the Company’s standard form of stock option agreement, which agreement shall include cashless exercise provisions, expire ten (10) years from the date of grant except as otherwise provided in the stock option agreement or the Plan.

3. In all other respects the terms and conditions of the Agreement shall continue in full force and effect.

4. Each of the parties hereto agrees to do and/or execute all such further and other acts, deeds, things, devices, documents and assurances as may be required in order to carry out the true intent and meaning of this Amending Agreement.

5. This Amendment shall enure to the benefit of and be binding upon the parties hereto and each of their successors and permitted assigns, as the case may be.

6. This Amendment may be executed in counterparts and by electronic or facsimile transmission, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the day and year first above written.

ORGENESIS INC.

By: /s/ David Sidransky

Title: Director

/s/ Vered Caplan

VERED CAPLAN

ORGENESIS INC.
CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Vered Caplan, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended May 31, 2017 of Orgenesis Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the Company's supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to the Company by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By:

/s/ Vered Caplan

Vered Caplan

President & Chief Executive Officer

(Principal Executive Officer)

Date: July 24, 2017

ORGENESIS INC.
CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Neil Reithinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended May 31, 2017 of Orgenesis Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under the Company's supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to the Company by others within those entities, particularly during the period in which this report is being prepared;
 - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under the Company's supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report the Company's conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on the Company's most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By:

/s/ Neil Reithinger

Neil Reithinger

Chief Financial Officer, Treasurer and Secretary

(Principal Financial Officer and Principal Accounting Officer)

Date: July 24, 2017

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Vered Caplan, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) The quarterly report on Form 10-Q of Orgenesis Inc. for the quarter ended May 31, 2017 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Orgenesis Inc.

By:

/s/ Vered Caplan

Vered Caplan

President & Chief Executive Officer

(Principal Executive Officer)

Date: July 24, 2017

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned, Neil Reithinger, hereby certifies, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) The quarterly report on Form 10-Q of Orgenesis Inc. for the quarter ended May 31, 2017 fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) Information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Orgenesis Inc.

By:

/s/ Neil Reithinger

Neil Reithinger
Chief Financial Officer, Treasurer and Secretary
(Principal Financial Officer and Principal Accounting Officer)
Date: July 24, 2017
