





Our Services

1. ESO Valuation
2. Stock Valuation
3. Warrants Valuation
4. Convertible Bond Valuation
5. PPA (Purchase Price Allocation)
6. Galay
7. Embedded Derivatives
8. Unique Structures

**All in accordance with the provisions of IRS,
409A regulation and in conformity with
Statement SEC 123(R), IFRS2**



Our Management Team

Benny De-Kalo, Chairman

- Chairman of De-Kalo Ben-Yehuda financial advisory group
- Co-founded and co-leads De-Kalo Ben-Yehuda
- Strong financial background and vast experience in finance and investment banking
- MBA (Finance) - Columbia University, BS (Finance) - New York University

Shai Fulbernis, Director of Professional Services, CPA

- Head of De-Kalo Ben-Yehuda financial advisory group
- Extensive experience in the financial advisory & valuation fields and in the transition of Israeli companies to the International GAAP and IFRS
- Managed various financial projects for leading public companies.
- Worked for few years at Kesselman (PWC) in the auditing, financial advisory and M&A fields
- CPA, B.A. in Economics & Accounting - Ben Gurion University, M.B.A. studies - Ben-Gurion University

Eran Bareket, Senior Manager Professional Services, CPA

- Head of International GAAP and IFRS at De-Kalo Ben-Yehuda financial advisory group
- Extensive knowledge and experience in implementing the transition of Israeli companies to the International GAAP and IFRS
- Served as a Manager in the auditing field at Kost Forer Gabbay & Kasierer (E&Y).
- Managed auditing accounts of leading public companies in Israel as well as performing due diligence for M&A at E&Y
- Served as an expert and advisor in valuations for International GAAP and IFRS, including advisory to companies on early transition to the IFRS
- CPA, B.A. in Economics & Accounting - Ben-Gurion University



Selected Clients - Public



TEVA PHARMACEUTICAL INDUSTRIES LTD.





Selected Clients - Private



CogniTens



SCHEMA

InterCure
Interactive Therapeutic Devices

DO design



VERIX™ Essential Insights



Impliant

Press-sense



Stock Valuation

- Evaluate FMV of common stock and preferred stock for purposes of 409A and other financial reporting requirements
- Valuation of all stock based financial instruments needed such as ESO, Warrants, Convertible Bond etc



Sec. 409A of the American Income Tax

- 409A affects ESOs granted and vested after 31.12.2004
- There are 3 types of valuation ranking, based on the IRS:
 - **Level A** - Fair value as determined in a contemporaneous valuation by an unrelated valuation specialist
 - **Level B** - Fair value as determined in a retrospective valuation by an unrelated valuation specialist
 - **Level C** - Fair value as determined in a contemporaneous or retrospective valuation by a related-party valuation specialist

IRS recommends Level A



ESO Valuation Models

Under FAS 123, 123(R) and SAB 107 (US-GAAP) and IFRS2 – (Intl. GAAP), the following models can be used:

- Binominal / Trinomial
 - Monte-Carlo simulations
 - Smart Black & Scholes > (based on model Monte-Carlo methodology)
 - Black & Scholes
- } **Lattice** **A more accurate method (usually lower FMV)**



ESOs Valuation

Calculating FMV of ESO is based on the following variables:

- Common Stock Fair Market Value
- Exercise Price
- Option Life/Term (also called contractual term)
- Employee early exercise features and forfeiture rates
- Volatility
- Risk-Free Interest Rate
- Dividend Yield



Other Valuations

Additional services include special valuations such as:

- PPA (Purchase Price Allocation)
- Warrants to Investors – for both public and Private companies
- Convertible bonds and PIPE
- Embedded Derivatives
- Unique Structures



Thanks



De-Kalo Ben-Yehuda
Investment House

Consulting Division