

Disclaimer

The following is an unofficial translation into the English language, for convenience purposes only, of the quarterly report of Itamar Medical Ltd. (the “**Company**”) for the three months ended March 31, 2018 (the “**Quarterly Report**”) that originally were prepared in the Hebrew language.

The full, legal and binding version of the Quarterly Report for all purposes is the Hebrew version, filed by the Company with the Israel Securities Authority and published on the MAGNA website: www.magna.isa.go.il, on May 17, 2018.

In the event of a contradiction or inconsistency between this translation and the Hebrew version of the Quarterly Report, the provisions of the Hebrew version shall prevail.

This translation was not carried out by the Company, nor checked by the Company, and accordingly, the Company does not guarantee that the translation fully, correctly or accurately reflects the Hebrew version of the Quarterly Report and its contents.

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Readers are advised to read the authoritative Hebrew version of the Quarterly Report in all matters, which may affect them, and/or their decisions in any way. The following are links to the Company’s Annual Report in Hebrew:

<http://www.magna.isa.gov.il/details.aspx?id=012311&reference=2018-01-049045#?id=012311&reference=2018-01->



ITAMAR MEDICAL LTD. QUARTERLY REPORT AS OF MARCH 31, 2018

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ITAMAR MEDICAL LTD.

PART A

**SIGNIFICANT CHANGES AND NEW
ISSUES THAT HAVE OCCURRED IN
THE CORPORATE BUSINESS**

SIGNIFICANT CHANGES AND NEW ISSUES THAT HAVE OCCURRED IN THE CORPORATE BUSINESS IN THE QUARTER ENDED MARCH 31, 2018

Pursuant to Regulation 39a of the Israeli Securities Regulations (Periodic and Immediate Reports), 1970 (the “**Reports Regulations**”), details of the significant changes and new issues that have occurred in the business of Itamar Medical Ltd. (the “**Company**”) since the publication of the Company’s annual report for the year ended December 31, 2017, which was published on March 15, 2018 (Reference No. 2018-01-020331) (the “**2017 Annual Report**”) and up to the publication date of this report.

The terms that follow shall have the meaning that is intended for them in the 2017 Annual Report, unless otherwise stated.

This chapter of the quarterly report has been prepared with the assumption that the chapter on Description of the Corporate Business Affairs of the 2017 Annual Report is available to the reader.

1. The FDA had received for examination the the WatchPAT300™ platform

On April 8, 2018, the Company reported that the U.S. Food and Drug Administration (the “**FDA**”) had received for examination the next generation of sleep products, the WatchPAT300, which is the first in a series of planned submissions of a platform that implements a new technology that enables fast data transfer with a small, lightweight device, reduced production costs and infrastructure for future capabilities, such as wireless communication options. The new device has been submitted to the FDA for identical indications to the existing device.

The Company estimates that the FDA takes six to 12 months to complete the examination process, and based on past experience, there is a high probability of approval.

For more information, see the immediate report of April 18, 2018 (Reference No. 2018-01-028680), which the information contained therein, is included in this report by way of reference.

The Company’s assessments regarding the new technology’s ability to reduce production costs and its ability to provide infrastructure for future capabilities, such as wireless communication options, as well as the Company’s assessment of the length of time required for the FDA examination process and the high probability of approval constitute forward-looking information, as this term is defined in the Securities Law, 1968. Forward-looking information is uncertain information with regard to the future, based on information or estimates currently available to the Company, including intents of, or assessments by the Company as of the publication date of this report, or which is not entirely dependent on the Company. These assumptions depend on external and macro-economic factors over which the Company has no influence or limited influence. This information, in whole or in part, may not materialize or may materialize differently due, among others, to a delay in the FDA approval process or to delay in research and development or cost of future raw materials.

2. Convening annual and extraordinary general meeting of the Company’s shareholders

On May 23, 2018, an annual and extraordinary general meeting of the Company’s shareholders (in this section: the “**meeting**”) was convened, which approved:

On March 29, 2018, the Company convened an annual and extraordinary general meeting of the Company’s shareholders (in this section: the “**meeting**”) which is scheduled to convene on May 23, 2018 and on its agenda the following subjects:

- 2.1 The re-appointment of Dr. Giora Yaron, Martin Gerstel, Ilan Biran, Christopher M. Cleary, Jonathan Kolber and Sami Totah.
- 2.2 Approval of a material private allotment of shares to interested parties and other shareholders in the Company.
- 2.3 Updating the salary of Mr. Gilad Glick, the Company's President and Chief Executive Officer.
- 2.4 Updating the vesting conditions of unregistered options and restricted share units granted to the Company's President and Chief Executive Officer.
- 2.5 Approval of annual bonus plan for the Company's President and Chief Executive Officer.
- 2.6 Transition to reporting format in accordance with the SEC rules.
- 2.7 The reappointment of the firm of Somekh Chaikin as the Company's independent auditor for 2018 and the empowering of the Company's Board of Directors to set their fees.
- 2.8 Discussion of the Company's financial statements for 2017.

For more information, see the report on the calling of a general meeting of the shareholders, dated March 29, 2018, as amended and supplemented on May 9, 2018 (Reference No. 2018-01-027798 and 2018-01-036912), which the information contained therein, is included in this report by way of reference.

3 Convening an extraordinary general meeting of the holders of the Company's Warrants (Series 4)

On March 29, 2018, the Company convened an extraordinary general meeting of the holders of the Company's Warrants (Series 4), which is scheduled to convene on May 23, 2018, and on its agenda approval of transition to reporting format in accordance with the SEC rules..

For more information, see the report on the calling of the meeting of the warrants' holders, dated, March 29, 2018 (Reference No. 2018-01-033985), which the information contained therein, is included in this report by way of reference.

4 Reorganization of Medtronic's holdings in the Company

On May 2, 2018, Medtronic International Technology, Inc. ("**Medtronic**") informed the Company that as part of the reorganization of a wide portfolio of investments by Medtronic (which also includes its holdings in the Company) its holdings in the Company were transferred to MS Pace LP, a limited partnership incorporated in Delaware, U.S. (the "Partnership"), such that the Partnership holds approximately 14.3% of the Company's issued and outstanding share capital. Medtronic holds 51% of the holdings in the General Partner in the Partnership. The Company was also informed that Medtronic will transfer to the Partnership the Company's shares that will be issued to it as part of the private offering, if approved, as detailed in Section c. above.

The Company was also informed that the general partner in the Partnership is MS Pace Management, LLC, a corporation incorporated in Delaware, in which Medtronic, through Medtronic, Inc., holds a 51% stake and the remaining 49% are held by Sightline MS GP, LLC, a third party, incorporated in Delaware, U.S. Medtronic also holds 20% of the holdings in the partnership as a limited partner.

The Company was further informed that it was agreed that Medtronic would transfer to the partnership the additional shares of the Company that will be issued to Medtronic as part of the a private offering, if and to the extent approved by the Company's shareholders, as specified in the report on the calling of a general meeting of the shareholders, dated April 1, 2018 (Reference No. 2018-01-027798).

Medtronic informed the company that the transfer of shares from Medtronic to the partnership was part of the reorganization of a broad portfolio of Medtronic investments (which also includes its holdings in the Company).

For more information, see the immediate report of May 3, 2018 (Reference No. 2018-01-035391), which the information contained therein, is included in this report by way of reference.
