UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ___ to ___ .

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Date of event requiring this shell company report ___

Commission file number: 001-38556

ENTERA BIO LTD.

(Exact name of Registrant as specified in its charter)

State of Israel
(Jurisdiction of incorporation or organization)

Kiryat Hadassah
Minrav Building - Fifth Floor
Jerusalem, Israel
(Address of principal executive offices)

Dr. Spiros Jamas, Chief Executive Officer
Kiryat Hadassah
Minrav Building - Fifth Floor
Jerusalem, Israel
Tel: +972-2-532-7151
Email: Spiros@enterabio.com

(Name, Telephone E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Ordinary Shares, par value of NIS 0.0000769	ENTX	NASDAQ Capital Market
Warrants, each warrant exercisable for 0.5 shares of Ordinary Shares at an exercise price of $5.85 per Ordinary Share.	ENTXW	NASDAQ Capital Market

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

23,738,642 Ordinary Shares, par value NIS 0.0000769 per share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes ☒ No

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 every Interactive Data File required to be submitted 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 an emerging growth company. See definition of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☒ Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐	International Financial Reporting Standards as issued by the International Accounting Standards Board ☒	Other ☐

If “Other” has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

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DEFINITIONS

Unless otherwise indicated, all references to the "Company," "we," "us," "our" and "Entera" refer to Entera Bio Ltd. and its wholly owned subsidiary, Entera Bio Inc., a Delaware corporation, unless the context otherwise requires.

References to the "Companies Law" are to Israel's Companies Law, 5759-1999, as currently amended;

References to the "Exchange Act" are to the Securities Exchange Act of 1934, as amended;

References to the "FDA" are to the United States Food and Drug Administration;

References to "Nasdaq" are to the Nasdaq Capital Market;

References to "Ordinary Shares" are to our ordinary shares, par value of NIS 0.0000769 per share;

References to "IPO Warrants" are to our warrants listed on the Nasdaq under the symbol ENTXW;

Reference to "Investor Warrants" are to our unregistered warrants issued in connection with our Private Placement (as defined below in Item 10.C "Material Contracts—Investor Warrants");

References to the "SEC" are to the United States Securities and Exchange Commission;

References to the "Securities Act" are to the Securities Act of 1933, as amended; and

References to "U.S. dollars" and "$" are to currency of the United States of America, "euro" or "€" are to the Euro, the legal currency of certain countries of the European Union and references to "NIS" are to new Israeli shekels.

We do not endorse or adopt any third-party research or forecast firms' statements or reports referred to in this Annual Report and assume no responsibility for the contents or opinions represented in such statements or reports, nor for the updating of any information contained therein.

PRESENTATION OF FINANCIAL INFORMATION

We report under International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or the IASB. None of the financial statements were prepared in accordance with generally accepted accounting principles in the United States. We present our financial statements in U.S. dollars. We have made rounding adjustments to some of the figures included in this Annual Report. Accordingly, numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that precede them.

Items included in our financial statements are measured using the currency of the primary economic environment in which we operate, the U.S. dollar, or the Functional Currency. Our financial statements and other financial information included in this Annual Report are presented in U.S. dollars unless otherwise noted. See Note 2 of our audited consolidated financial statements for the year ended December 31, 2020, included elsewhere in this Annual Report.

USE OF TRADEMARKS

"Entera Bio," "Enterabio," "Entera," the EnteraBio logo and other trademarks, trade names or service marks of Entera appearing in this Annual Report are the property of Entera. This Form 20-F also contains trade names, trademarks and service marks of others, which are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, these other companies. Solely for the convenience of the reader, we only use the ® symbol the first time any federal or trade name is mentioned. Each trademark or tradename of any other company appearing in this Annual Report is, to our knowledge, owned by such company.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Various statements in this report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and other U.S. Federal securities laws. In addition, historic results of scientific research and clinical and preclinical trials do not guarantee that the conclusions of future research or trials would not be different, and historic results referred to in this Annual Report may be interpreted differently in light of additional research and clinical and preclinical trial results. Forward-looking statements include all statements that are not historical facts. We have based these forward-looking statements largely on our management's current expectations and future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Forward-looking statements involve substantial risks and uncertainties. All statements, other than statements of historical facts, included in this report regarding our strategy, future operations, future financial position, projected costs, prospects, plans and objectives of management are forward-looking statements. These statements are subject to risks and uncertainties and are based on information currently available to our management. Words such as, but not limited to, "anticipate," "believe," "contemplates," "continue," "could," "design," "estimate," "expect," "intend," "likely," "may," "ongoing," "plan," "potential," "predict," "project," "will," "would," "seek," "should," "target," or the negative of these terms and similar expressions or words, identify forward-looking statements. The events and circumstances reflected in our forward-looking statements may not occur and actual results could differ materially from those projected in our forward-looking statements. Meaningful factors which could cause actual results to differ include, but are not limited to:

- the scope, progress and costs of developing our product candidates such as EB613 for Osteoporosis and EB612 for Hypoparathyroidism, including without limitation any changes to the design of the ongoing Phase 2 clinical trial of EB613 or the need for additional clinical trials or development work based on further analysis of the interim data from the ongoing EB613 Phase 2 clinical trial;
- the accuracy of our estimates regarding expenses, capital requirements, the sufficiency of our cash resources and the need for additional financing;
- our ability to raise additional funds on commercially reasonable terms, including via our At The Market, or ATM, Program (as defined below in Item 10.C "Material Contracts");
- our ability to develop, advance product candidates into, and successfully complete, clinical studies such as our ongoing Phase 2 clinical trial of EB613 in osteoporosis;
- our reliance on third parties to conduct our clinical trials and on third-party suppliers to supply or produce our product candidates;
- our interpretation of FDA feedback and guidance and how such guidance may impact our clinical development plans, specifically our ability to utilize the 505(b)(2) pathway for the development and potential approval of EB613 and any other product candidates we may develop;
- our expectations regarding licensing, business transactions and strategic collaborations, including our ongoing collaboration with Amgen;
- our ability to use and expand our drug delivery technology to additional product candidates;
- our operation as a development stage company with limited operating history and a history of operating losses and our ability to fund our operations going forward;
- our ability to continue as a going concern absent access to sources of liquidity;
- our ability to obtain and maintain regulatory approval for any of our product candidates;
- our competitive position, especially with respect to Forteo® and other products on the market or in development for the treatment of osteoporosis;
- our ability to establish and maintain development and commercialization collaborations;
- any potential commercial launch of current or future product candidates, and the timing, cost or other aspects of such commercialization;

- our ability to manufacture and supply sufficient amounts of material to support our clinical trials and any potential future commercial requirements;
- the safety and efficacy of therapeutics marketed by competitors that are targeted toward indications for which we are developing product candidates;
- the size of any market we may target and the adoption of our product candidates, if approved, by physicians and patients;
- our ability to obtain, maintain and protect our intellectual property and operate our business without infringing misappropriating or otherwise violating any intellectual property rights of others;
- our ability to retain key personnel and recruit additional qualified personnel;
- the possibility that competing products or technologies may make any product candidates we may develop and commercialize or our oral delivery technology obsolete;
- the pricing and reimbursement of our product candidates, if approved;
- our ability to develop a sales, marketing and distribution infrastructure, if any;
- our ability to manage growth; and
- the duration and severity of the coronavirus (COVID-19) outbreak, the actions that may be required to contain the Coronavirus or treat its impact, and its impact on our operations and workforce, including our research and development and clinical trials.

All written and verbal forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We caution investors not to rely too heavily on the forward-looking statements we make or that are made on our behalf. Except as required by law, we are under no duty, and expressly disclaim any obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in any annual, quarterly or current reports that we may file with the Securities and Exchange Commission.

We encourage you to read the discussion and analysis of our financial condition and our consolidated financial statements contained in this Annual Report. We also encourage you to read Item 3.D of Part 1 of this Annual Report, entitled “Risk Factors,” and Item 5.A of Part 1 of this Annual Report, entitled “Operating and Financial Review and Prospects” for a more complete discussion of the risks and uncertainties associated with our business. In addition to the risks described above and in Items 3.D and 5.A of this report, other unknown or unpredictable factors also could affect our results. There can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, us. Therefore, no assurance can be given that the outcomes stated in such forward-looking statements and estimates will be achieved.

PART ONE

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A. Selected Financial Data

Our historical consolidated financial statements are prepared in accordance with IFRS and are presented in U.S. dollars. The selected historical consolidated financial information for the years ended December 31, 2020, 2019 and 2018 and the selected statements of financial position data as of December 31, 2020 and 2019 have been derived from, and should be read in conjunction with, the audited consolidated financial statements of Entera Bio Ltd. and notes thereto appearing elsewhere in this Annual Report. The selected historical consolidated financial position data as of December 31, 2018, 2017 and 2016 and financial information for the years ended December 31, 2017 and 2016 has been derived from our audited consolidated financial statements not included in this Annual Report.

On January 1, 2019, we adopted the amendment to IAS 1 and our financial information was updated for dates and periods before January 1, 2019. Accordingly, we classified in comparable periods the relevant financial liabilities as current liabilities.

The information presented below is qualified by the more detailed historical consolidated financial statements set forth in this Annual Report, and should be read in conjunction with those consolidated financial statements, the notes thereto and the discussion under “Item 5–Operating and Financial Review and Prospects” included elsewhere in this Annual Report.

Consolidated Statements of Comprehensive Loss Data

	Year Ended December 31,				
	2020	2019	2018	2017	2016
	(In thousands, except shares and per share data)				
Consolidated statements of comprehensive loss:					
Revenue	$ 365	$ 236	$ 500	-	-
Cost of revenue	209	210	-	-	-
Research and development expenses, net	$ 6,398	$ 7,199	$ 8,518	$ 2,768	$ 2,648
General and administrative expenses	4,891	4,281	2,843	8,575	2,719
Total operating loss	11,133	11,454	10,861	11,343	5,367
Financial income:					
Income from change in fair value of financial liabilities at fair value through profit or loss	(1,237)	(743)	(523)	(251)	(4,311)
Other financial expenses (income), net	67	84	(34)	105	143
Financial income, net	(1,170)	(659)	(557)	(146)	(4,168)
Loss before taxes	$ 9,963	$ 10,795	$ 10,304	$ 11,197	$ 1,199
Taxes on income	20				
Net comprehensive loss	$ 9,983	$ 10,795	$ 10,304	$ 11,197	$ 1,199
Loss per ordinary share(1)					
Basic	$ 0.54	$ 0.89	$ 1.30	$ 2.49	$ 0.27
Diluted	$ 0.55	$ 0.89	$ 1.31	$ 2.49	$ 0.78
Weighted average number of Ordinary Shares used in computing basic loss per ordinary share[(1)]	18,417,093	12,146,729	7,955,447	4,490,720	4,473,170
Weighted average number of Ordinary Shares used in computing diluted loss per ordinary share[(1)]	18,563,675	12,146,729	7,983,402	4,490,720	6, 756,360

(1) Basic and diluted loss per Ordinary Share and basic and diluted weighted average number of Ordinary Shares in 2017 and 2016 were retroactively adjusted due to Ordinary Shares split of 1 for 130. Basic and diluted loss per Ordinary Share in 2019 and 2017 are the same because the financial instruments as described in the financial statements were excluded from the calculation since their effect was anti-dilutive. See Note 14 of our consolidated financial statements for the year ended December 31, 2020, included elsewhere in this Annual Report for further details on the calculation of basic and diluted loss per ordinary share.

Consolidated Statements of Financial Position Data:

	As of December 31,				
	2020	2019	2018	2017	2016
			(In thousands)		
Consolidated statements of financial position data:					
Cash and cash equivalents	8,593	15,185	7,506	11,746	4,163
Short-term bank deposits	-	-	4,015	-	-
Restricted deposits	-	-	-	-	1,075
Accounts receivable	255	278	725	-	-
Other current assets	261	173	220	671	195
Total current assets	9,109	15,636	12,466	12,417	5,433
Property and equipment	192	202	224	207	199
Right of use assets	356	260	-	-	-
Intangible assets	605	605	651	654	654
Total assets	$ 10,262	$ 16,703	$ 13,341	$ 13,278	$ 6,286
Accounts payable-Trade and other	1,494	1,704	1,563	2,020	657
Lease liabilities	189	177			
Contract liabilities	158	267	225	-	-
Convertible Loans	-	-	-	3,893	14,720
Preferred shares	-	-	-	33,455	11,031
Warrants to purchase Ordinary Shares and preferred shares	1,432	2,444	1,372	5,398	4,800
Total current liabilities	3,273	4,592	3,160	44,766	31,208
Liability to issue preferred shares and warrants	-	-	-	-	273
Lease liabilities	243	122	-	-	-
Severance pay obligations, net	81	70	65	70	51
Total non-current liabilities	324	192	65	70	324
Total liabilities	$ 3,597	$ 4,784	$ 3,225	$ 44,836	$ 31,532
Shareholders' equity (Capital deficiency)	$ 6,665	$ 11,919	$ 10,116	$ (31,558)	$ (25,246)
Working capital[(1)]	$ 5,836	$ 11,044	$ 9,306	$ (32,349)	$ (25,775)

(1) Working capital is defined as total current assets minus total current liabilities.

3.B. Capitalization and Indebtedness

Not applicable.

3.C. Reasons For the Offer and Use of Proceeds

Not applicable.

3.D. Risk Factors

Any investment in our securities involves a high degree of risk. You should consider carefully the following factors and all other information contained in this Annual Report before you make a decision to invest in our Ordinary Shares and IPO Warrants. If any of the negative events referred to below occur, our business, prospects, financial condition and results of operations could be materially and adversely affected. In any such case, the trading price of our Ordinary Shares could decline, and you could lose all or part of your investment.

Risk Factor Summary

Our business is subject to a number of risks, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows and prospects. These risks are discussed more fully later in this Item, and include, but are not limited to, the following:

- We have incurred significant losses since our inception and anticipate that we will continue to incur substantial losses for the next several years;
- Management has performed an analysis of our ability to continue as a going concern and our independent registered public accounting firm has raised substantial doubt as to our ability to continue as a going concern;
- All of our product candidates, including EB613 and EB612, are in preclinical or clinical development and we have not yet successfully completed the development of any product candidates;
- If serious adverse, undesirable or unacceptable side effects are identified during the development of our product candidates, marketing approval may be delayed or we may need to abandon our development of such product candidates, and if such side effects are identified following regulatory approval, any approved product label may be limited or we may be subject to other significant negative consequences;
- The outbreak of COVID-19 in the United States, Israel and elsewhere has created significant business disruptions and could adversely affect our business;
- The commencement and completion of clinical trials can be delayed or prevented for a number of reasons;
- The results of previous clinical trials may not be predictive of future results, our progress in trials for one product candidate may not be indicative of progress in trials for other product candidates, and our trials may not be designed so as to support regulatory approval;
- Even if regulatory approvals are obtained for our product candidates, we will be subject to ongoing government regulation. If we fail to comply with applicable current and future laws and government regulations, it could delay or prevent the promotion, marketing or sale of our products;
- Healthcare legislative changes may harm our business and future prospects;
- We are subject to manufacturing risks that could substantially increase our costs and limit supply of our products;
- We are highly dependent upon our ability to enter into agreements with collaborators to develop, commercialize and market our products;
- We may fail to establish, maintain, defend and enforce intellectual property rights with respect to our technology;
- The price of our Ordinary Shares and IPO Warrants may be volatile, and holders of our Ordinary Shares and IPO Warrants could lose all or part of their investment; and
- Security, political and economic instability in the Middle East may harm our business.

Risks Related to Our Financial Position

We have incurred significant losses since our inception and anticipate that we will continue to incur substantial losses for the next several years.

We have incurred net losses in each year since our inception, including net losses of $10.0 million in 2020 and $10.8 million in 2019. As of December 31, 2020 we had an accumulated deficit of $72.9 million. We expect to continue to incur substantial losses for the next several years, and we expect these losses to increase as we continue our development of and potentially seek regulatory approval for, EB613 and EB612 and potentially develop future product candidates, including a new oral GLP-2 analog research program. In addition, if we receive regulatory approval to market EB613 or any of our other current or future product candidates, we will incur additional losses as we scale-up manufacturing and potentially prepare to commercialize any approved products. We anticipate that our net losses and accumulated deficit for the next several years will be significant as we conduct our planned operations. Given our current development plans, we anticipate that our existing cash and cash equivalents and will be sufficient to fund our operations into the second quarter of 2022. Accordingly, these factors, among others, raise substantial doubt about our ability to continue as a going concern. Because of the numerous risks and uncertainties associated with the development and commercialization of our product candidates, we are unable to accurately predict the timing or amount of the development and clinical expenses or when, or if we will be able to achieve, or maintain, profitability. In addition, our expenses could increase if we are required by the FDA or comparable foreign regulatory authorities to perform preclinical or clinical studies or trials in addition to those currently expected, or if there are any delays in completing our clinical trials or the development and potential commercialization of EB613 or any other product candidates. The amount of our future net losses will depend, in part, on the amount and timing of our expenses, our ability to generate revenue and our ability to raise additional capital. These net losses have had, and will continue to have, an adverse effect on our stockholders' equity and working capital.

Management has performed an analysis of our ability to continue as a going concern. In addition, our independent registered public accounting firm has raised substantial doubt as to our ability to continue as a going concern.

Based on its assessment, management has raised substantial doubt about our ability to continue as a going concern. In addition, our independent registered public accounting firm expressed substantial doubt as to our ability to continue as a going concern in their report accompanying our audited consolidated financial statements. As of March 16, 2021, we had cash and cash equivalents of approximately $15.4 million. Our ability to continue as a going concern will depend on our ability to obtain additional financing. Management is in the process of evaluating various financing alternatives including public or private equity offerings, debt financings, strategic collaborations and grant funding to finance future research and development activities and general and administrative expenses. A going concern opinion could impair our ability to finance our operations through public or private equity offerings or debt financings, or a combination of one or more of these funding sources. Any additional equity or debt financing could be extremely dilutive to our current shareholders. Additional capital may not be available on reasonable terms, or at all, and we may be required to terminate or significantly curtail our operations, or enter into arrangements with collaborative partners or others that may require us to relinquish rights to certain aspects of our product candidates, or potential markets that we would not otherwise relinquish. If we are unable to obtain capital, our business, including our ability to conduct studies and develop our product candidates, would be jeopardized and we may not be able to continue operations.

Due to our limited resources and access to capital, we must and have in the past decided to prioritize development of certain product candidates; these decisions may prove to have been wrong and may adversely affect our current and any potential future revenues.

Because we have limited resources and access to capital to fund our operations, we must decide which product candidates to pursue and the amount of resources to allocate to each product candidate. As such, we are currently primarily focused on the development of EB613 and EB612 for the treatment of osteoporosis and hypoparathyroidism, respectively and in February 2021, we initiated a new oral GLP-2 analog research program. Our decisions concerning the allocation of research, collaboration, management and financial resources toward particular compounds, product candidates or therapeutic areas may not lead to the development of viable commercial products and may divert resources away from better opportunities. Similarly, our current or potential decisions to delay, terminate or collaborate with third parties with respect to certain product development programs may also be sub-optimal and could cause us to miss valuable opportunities. If we make incorrect determinations regarding the market potential of our product candidates or misread trends in the biopharmaceutical industry, our business, financial condition and results of operations could be materially adversely affected.

We will require substantial additional funding, which may not be available to us on acceptable terms, or at all, and, if not available, may require us to delay, reduce or cease our product development activities and operations.

We are currently advancing our lead product candidate EB613 through clinical development. Developing therapeutics, including conducting preclinical studies and clinical trials, is expensive. We will require substantial additional capital in order to complete filings with the regulatory agencies including the FDA and European Medicines Agency, or the EMA, secure commercial manufacturing supply for and commercialize EB613 and conduct the research and development and clinical and regulatory activities necessary to bring other product candidates to market. If the FDA or comparable foreign regulatory authorities require that we perform additional preclinical studies or clinical trials at any point, our expenses would further increase beyond what we currently expect, and the anticipated timing of any future clinical development activities and potential regulatory approvals may be delayed depending upon our allocation of resources and available funding. The recent outbreak of COVID-19, has significantly disrupted world financial markets and may reduce opportunities for us to seek out additional funding. Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, or on acceptable terms, we may be required to delay, limit, reduce or terminate preclinical studies, clinical trials or other development activities for one or more of our product candidates or delay, limit, reduce or terminate our establishment of manufacturing, sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates.

We expect that we would need to raise additional funds to support the execution of our long-term growth strategy, including for a potential Phase 3 trial comparing EB613 with Forteo®, additional non-clinical studies for EB613, and further development of our technology platform and product pipeline, including our new oral GLP-2 analog research program. We can provide no assurance that additional funding will be available on a timely basis, on terms acceptable to us, or at all. Because successful development of our product candidates is uncertain, we are unable to estimate the actual amount of financing we will require to complete research and development and to commercialize our product candidates. We may also require additional financing if we are forced to delay and curtail our research activities and clinical trials due to the impact of COVID-19. The amount and timing of our funding requirements will depend on many factors, including but not limited to:

- the number and characteristics of product candidates that we pursue;
- the scope, progress, timing, cost and results of research, preclinical development, and clinical trials;
- the costs, timing and outcome of seeking and obtaining approvals from the FDA, EMA or other regulatory agencies;
- the costs associated with manufacturing our product candidates and establishing sales, marketing, and distribution capabilities;
- the costs associated with obtaining, maintaining, expanding, defending and enforcing the scope of our intellectual property portfolio, including the amount and timing of any payments we may be required to make in connection with the licensing, filing, defense and enforcement of any patents or other intellectual property rights;
- the extent to which we acquire or in-license other products or technologies;
- the economic and other terms, timing of and success of any collaboration, licensing, or other arrangements into which we entered or may enter in the future, including the timing of achievement of milestones and receipt of any milestone or royalty payments under these agreements;
- our need and ability to hire additional management, scientific, and medical personnel;
- the effect of competing products that may limit market penetration of our product candidates;
- the amount and timing of revenues, if any, we receive from commercial sales of any product candidates for which we receive marketing approval in the future;
- our need to implement additional internal systems and infrastructure, including financial and reporting systems to support our current operations as a public company; and
- the impact of COVID-19, once known, on our clinical trials, regulatory timelines, business operations and financial stability.

Many of these factors are outside of our control. Based upon our currently expected level of operating expenditures, we believe that we will be able to fund our operations into the second quarter of 2022. Our expectations are based on management's current assumptions, clinical development plans and regulatory submission timelines, which may prove to be wrong, and we could spend our available financial resources much faster than we currently expect. This period could be shortened if there are any unanticipated increases in spending on development programs or other unanticipated increases in spending related to circumstances outside of our control, including, without limitation, costs associated with litigation or other legal proceedings, hiring of additional consultants and personnel or procurement of additional raw materials. Our existing cash and cash equivalents will not be sufficient to obtain regulatory approval for any of our product candidates. Accordingly, we continue to require substantial additional capital. In order to fund our future capital needs, we may seek additional funding through equity or debt financings, development partnering arrangements, lines of credit or other sources. These conditions raise substantial doubt about our ability to continue as a going concern, and we will be required to raise additional funds, seek alternative means of financial support, or both, in order to continue operations. The accompanying financial statements have been prepared assuming that we will continue as a going concern and do not include adjustments that might result from the outcome of this uncertainty. If we are unable to raise the requisite funds, we will need to curtail or cease operations.

Our fundraising efforts in the future to secure additional financing will divert our management from our day-to-day activities, which may adversely affect our ability to develop and commercialize our product candidates. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. If we are unable to raise additional capital when required or on acceptable terms, we may be required to significantly delay, reduce or discontinue the development or commercialization of one or more of our product candidates or curtail our operations, which will have an adverse effect on our business, operating results and prospects.

We have a limited operating history and no history of commercializing pharmaceutical products, which may make it difficult to evaluate the prospects for our future viability and making an investment in our common stock unsuitable for many investors.

We began operations in 2010. Our operations to date have been limited to financing and staffing our company, developing our drug delivery technology and developing our product candidates. We have not yet demonstrated an ability successfully to complete a large-scale, pivotal clinical trial, obtain marketing approval, manufacture a commercial scale product or conduct sales and marketing activities necessary for successful product commercialization. Consequently, predictions about our future success or viability may not be as accurate as they could be if we had a history of successfully developing and commercializing pharmaceutical products.

Raising additional capital may cause dilution to our shareholders, and these financings, or disputes with shareholders in connection therewith, may restrict our operations or require us to relinquish substantial rights or result in unanticipated legal or other costs.

Until such time, if ever, as we can generate substantial product revenue, we expect to finance our cash needs through a combination of public or private equity offerings, debt financings, strategic collaborations and grant funding. We do not have any committed external sources of funds and we will need to raise additional capital. To the extent that we raise additional capital through the sale of equity or convertible debt securities, your ownership interest will be diluted, and the terms of these new securities may include liquidation or other preferences that adversely affect your rights as a holder of our Ordinary Shares. Debt financing, if available at all, may involve agreements that include covenants limiting or restricting our ability to take specific actions such as incurring additional debt, making capital expenditures, or declaring dividends, and may be secured by all or a portion of our assets. Further, we may incur substantial costs in pursuing future capital and/or financing, including investment banking fees, legal fees, accounting fees, printing and distribution expenses and other costs and such efforts may divert our management from their day-to-day activities, which may compromise our ability to develop and market our product candidates. We may also be required to recognize non-cash expenses in connection with certain securities we may issue, such as convertible notes and warrants, which could cause our operating results to fluctuate on a quarterly basis.

Shareholders who invested prior to the Company's initial public offering, or IPO, lenders whose indebtedness converted upon consummation of the IPO into our Ordinary Shares or shareholders who invested in our January 2018 private placement offering may raise claims concerning their pre-existing contractual rights as lenders or shareholders or oppose actions taken by the Company with respect to the terms of existing or future financing transactions. Any such dispute could be time-consuming or costly to the Company or require us to seek alternative financing arrangements.

If we raise additional funds through collaborations, strategic alliances, or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, product candidates, or future revenue streams, or grant licenses on terms that are not favorable to us. We cannot assure you that we will be able to obtain additional funding if and when necessary. If we are unable to obtain adequate financing on a timely basis, we could be required to delay, scale back or eliminate one or more of

our development programs or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an Emerging Growth Company.

As a public company, we are required to comply with various regulatory and reporting requirements, including those required by the SEC. Complying with these reporting and regulatory requirements are time consuming, result in increased costs to us and could have a negative effect on our business, results of operations and financial condition.

We are subject to the reporting requirements of the Exchange Act, and the requirements of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are implementing procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Complying with these requirements is costly and time consuming. In the event that we are unable to demonstrate compliance with our obligations as a public company in a timely manner, or are unable to produce timely or accurate financial statements, we may be subject to sanctions or investigations by regulatory authorities, such as the SEC or Nasdaq, investors may lose confidence in our operating results and the price of our Ordinary Shares could decline. These activities may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

As an Emerging Growth Company, we may take advantage of certain temporary exemptions from various reporting requirements including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and the rules and regulations of the SEC thereunder. We plan to take advantage of these exemptions but we cannot guarantee that we will not be required to implement these requirements sooner than budgeted or planned and thereby incur unexpected expenses. We will remain an Emerging Growth Company until the earliest of: (a) the last day of our fiscal year during which we have total annual gross revenues of at least $1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of our IPO, specifically, December 31, 2023; (c) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a large accelerated filer, or Large Accelerated Filer, under the Exchange Act with at least $700 million of equity securities held by non-affiliates. We cannot predict or estimate the amount of additional costs we may incur as a result of no longer being an Emerging Growth Company or the timing of such costs.

Our Ordinary Shares and IPO Warrants are listed on Nasdaq. As a public company listed on Nasdaq, we incur significant legal, accounting and other expenses. In addition, changing laws, regulations and standards, in the United States or Israel, relating to corporate governance and public disclosure and other matters, may be implemented in the future, which may increase our legal and financial compliance costs, make some activities more time consuming and divert management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to practice, regulatory authorities may initiate legal proceedings against us and our business may be harmed. Furthermore, because we are a publicly traded company in the United States and subject to U.S. rules and regulations it is more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors may also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, and qualified executive officers.

Risks Related to Our Business and the Development of Our Product Candidates

All of our product candidates are in preclinical or clinical development and we have not yet successfully completed the development of any product candidates.

We are a clinical-stage company focused on the development of orally delivered protein therapeutics to treat unmet medical needs. We were formed in 2009 and have a limited operating history. Since inception we have devoted substantially all of our resources to the development of our technology platform, the clinical and preclinical advancement of our product candidates, the creation, licensing and protection of related intellectual property rights and the provision of general and administrative support for these operations. We have not yet obtained regulatory approval for any product candidates in any jurisdiction or generated any revenues from product sales. If any of our current or future product candidates fails in clinical trials or preclinical development, or does not gain regulatory approval, or if our product candidates following regulatory approval, if any, do not achieve market acceptance, we may never become profitable or sustain profitability.

We commenced our first clinical trials with our oral PTH candidates in Osteoporosis and Hypoparathyroidism, and we have a limited operating history of developing products upon which you can evaluate our business and prospects. In addition, our current ongoing clinical trial for EB613 for Osteoporosis is the largest clinical trial we have conducted to date and we have never conducted clinical trials of a size required for regulatory approvals. Furthermore, we have not yet demonstrated an ability to successfully overcome many of the risks and uncertainties frequently encountered by companies in rapidly evolving fields, such as the oral delivery of protein therapeutics.

To become and remain profitable, we must succeed in developing and commercializing products that generate significant revenues. This will require us to be successful in a range of challenging activities for which we are only in the preliminary stages, including developing product candidates, completing pre-clinical and clinical trials for such product candidates, obtaining regulatory approval for them, and manufacturing, marketing and selling those products for which we may obtain regulatory approval. We may never succeed in these activities and, even if we do, we may never generate revenue from product sales that is significant enough to achieve profitability. Our ability to generate future revenue from product sales depends heavily on our success in many areas, including but not limited to:

- the completion of our ongoing Phase 2 dose-ranging clinical trial for EB613 and any future development efforts for EB613 or other product candidates;
- securing additional funding as may be needed to continue the development of EB613 or any other product candidates;
- obtaining required regulatory and marketing approvals for the manufacturing and commercialization of EB613 and any other product candidates we may develop, including a new Oral GLP-2 analog research program ;
- obtaining adequate reimbursement from third-party payors for any product that may be commercialized, if approved;
- managing our spending as costs and expenses increase due to the preparation of regulatory filings, potential regulatory approvals, manufacturing scale-up and potential commercialization;
- continuing to build and maintain our intellectual property portfolio;
- recruiting and retaining qualified executive management and other personnel;
- building and maintaining appropriate research and development, clinical, sales, manufacturing, financial reporting, distribution and marketing capabilities on our own or through third parties;
- gaining market acceptance for our product candidates;
- developing and maintaining successful strategic relationships and collaborations;
- developing a sustainable and scalable manufacturing process for any approved product candidates and maintaining supply and manufacturing relationships with third parties that can support clinical development and market demand for our product candidates, if approved;
- establishing sales, marketing, and distribution capabilities in the United States;
- obtaining market acceptance for any of our product candidates that receive marketing approval, if any, as viable treatment options;
- addressing any competing technological and market developments;
- negotiating favorable terms in any collaboration, licensing, or other arrangements into which we may enter; and
- attracting, hiring and retaining qualified personnel.

If we are unsuccessful in accomplishing any of these objectives, we may not be able to develop product candidates, raise capital, expand our business or continue our operations. Even if one or more of the product candidates that we develop is approved for commercial sale, we anticipate incurring significant costs associated with commercializing any approved product candidate. Because of the numerous risks and uncertainties with pharmaceutical product development, we are unable to accurately predict the timing or amount of increased expenses or when, or if, we will be able to achieve profitability. Even if we achieve profitability in the future, we may not be able to sustain profitability in subsequent periods. Our failure to become or remain profitable would depress our market value and could impair our ability to raise capital, expand our business, develop other product candidates, or continue our operations. A decline in the value of our company could also cause you to lose all or part of your investment.

We depend on enrollment of patients in our clinical trials for our product candidates. If we are unable to enroll an adequate number of volunteers or patients in our clinical trials, our research and development efforts could be materially adversely affected.

Successful and timely completion of clinical trials will require that we enroll enough volunteers in early studies, or patients with a specific disease in later trials. Trials may be subject to delays as a result of enrollment taking longer than anticipated or subject withdrawal. Enrollment depends on many factors, including the size and nature of the patient population, eligibility criteria for the trial, the proximity of patients to clinical sites, the design of the clinical protocol, the number of competing clinical trials, the availability of drugs approved for the indication the clinical trial is investigating, and clinicians' and patients' perceptions as to the potential advantages of the product being studied in relation to other available therapies. Our most advanced programs, EB613 and EB612 may compete with marketed drugs, such as Forteo (in Osteoporosis) and Natpara® (in hypoparathyroidism), or other clinical trials for drugs in development to treat such conditions. Furthermore, EB612 has orphan drug designation in the US and in the European Union, or the EU which means that the potential patient population is limited. These factors may make it difficult for us to enroll enough subjects to complete our clinical trials in a timely and cost-effective manner. Delays in the completion of any clinical trial of our product candidates will increase our costs, slow down development of our product candidates and any potential approvals and delay or potentially jeopardize our ability to commence product sales and generate revenue. In addition, some of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

We may not be successful in our efforts to use and expand our drug delivery technology to other product candidates.

A key element of our strategy is to combine our oral drug delivery technology platform with a variety of proteins and large molecule active pharmaceutical ingredients, or APIs, to build a pipeline of product candidates and progress these product candidates through clinical development for the treatment of a variety of different types of diseases. We intend to use our technology in combination with known APIs, to validate our platform and potentially minimize risk and development timelines.

Our initial product candidates combine our oral drug delivery technology with PTH, a hormone that has been used in injectable form for many years for the treatment of osteoporosis and hypoparathyroidism. Our business is substantially dependent on our ability to complete the development of, obtain regulatory approval for, and successfully commercialize our oral PTH product candidates in a timely manner. If we are unable to validate our oral drug delivery technology with our PTH product candidates, in particular our lead candidate EB613, we may be unsuccessful in leveraging our oral drug delivery technology for use with other APIs. In addition, we may significantly modify the formulation of oral PTH to develop new formulations for applications in hypoparathyroidism and other indications. If we are not successful in optimizing the formation of our PTH product candidates for additional indications, or if we are not otherwise able to obtain regulatory approval for them or successfully commercialize them, our business and prospects may be severely limited.

In addition, our technology makes use of synthetically bioengineered ingredients. Although our product candidates utilize a synthesized PTH molecule with a known mechanism of action, they may cause patients to exhibit safety or immune responses that do not match the biological effect of a human protein produced by the parathyroid gland. Such responses could result in increased regulatory scrutiny, delays or other impediments to our planned development or the public acceptance and commercialization of our products. Even if we are successful in expanding our drug delivery technology to other APIs for other indications, the potential product candidates that we identify may not be suitable for clinical development, to the extent they are shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. We may never successfully develop or commercialize our technology with other APIs, which could limit our business and prospects.

If serious adverse, undesirable or unacceptable side effects are identified during the development of our product candidates, marketing approval may be delayed or we may need to abandon our development of such product candidates, and if such side effects are identified following regulatory approval, any approved product label may be limited or we may be subject to other significant negative consequences.

All of our product candidates are still in clinical or non-clinical development and although our product candidates have undergone or will undergo safety testing, not all adverse effects of drugs can be predicted or anticipated. Unforeseen side effects from any of our product candidates could be recognized either during clinical development or, if such side effects are rare, after our product candidates have been approved by regulatory authorities and the approved product has been marketed, resulting in the exposure of additional patients. While our oral PTH has exhibited no serious drug related adverse events in our clinical trials to date, the results of future clinical trials may show that our product candidates cause undesirable or unacceptable side effects, which could interrupt, delay or halt clinical trials, and result in delay of, or failure to obtain, marketing approval from the FDA, the EMA and other regulatory authorities, or result in marketing approval from the FDA, the EMA and other regulatory authorities with restrictive label warnings or potential product liability claims. For instance, other PTH products have been issued with labels that disclose a potential risk of osteosarcoma based on non-clinical studies.

Additionally, the FDA and foreign regulatory agency regulations require that we report certain information about adverse medical events if our products may have caused or contributed to those adverse events. The timing of our obligation to report would be triggered by the date on which we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events we become aware of within the prescribed timeframe. We may also fail to appreciate that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our products. If we fail to comply with our reporting obligations, the FDA or a foreign regulatory agency could take action including criminal prosecution, the imposition of civil monetary penalties or seizure of our products.

If any of our product candidates receives marketing approval and we or others later identify undesirable or unacceptable side effects caused by such products:

- regulatory authorities may require us to take these products off the market;
- regulatory authorities may require the addition of labeling statements, specific warnings, a contraindication or field alerts to physicians and pharmacies;
- we may be required to change the way the product is administered, conduct additional clinical trials or change the labeling of the product;
- we may be subject to limitations on how we may promote the product;
- sales of the product may decrease significantly;
- we may be subject to litigation or product liability claims; and
- our reputation may suffer.

Any of these events could prevent us or any potential collaborators from achieving or maintaining market acceptance of the affected product or could substantially increase commercialization costs and expenses, which in turn could delay or prevent us from generating significant revenue from the sale of our products.

We manage our business and develop our technology with a small number of employees and key consultants, and in the event of their loss or unavailability we may not be able to grow our business or develop and commercialize our products.

We currently depend upon the efforts and abilities of our senior executives, including Spiros Jamas our Chief Executive Officer, Dr. Phillip Schwartz, our President of R&D and Executive Vice President, Hillel Galitzer, our Chief Operating Officer, and a small number of employees and key consultants. Our success depends upon the continued contributions of these senior executives, employees and consultants, many of whom have substantial scientific and technical experience with, and have been instrumental for, us and our technology platform. Furthermore, recruiting and retaining new executive talent and qualified scientific personnel to perform future research and development work will be critical to our success. Competition for skilled personnel is intense and turnover rates are high, and our ability to attract and retain qualified personnel may be limited. The loss or unavailability of the services of any of our key employees and consultants for any significant period of time or our inability to attract and retain qualified skilled personnel could have a material adverse effect on our business, technology, prospects, financial condition and results of operations. We do not maintain “key man” life insurance policies for any of our employees.

We expect to grow our organization, particularly in the United States, specifically to supplement and expand our senior management, clinical development and regulatory capabilities and marketing infrastructure, and we may experience difficulties in managing these changes and this growth, which could disrupt our operations.

As our clinical development and commercialization plans and strategies develop, we expect to supplement and expand our employee base, particularly in the United States, for clinical development, regulatory, operational, sales, marketing, financial and other capabilities and with senior managers who are either based in the U.S. or who have significant U.S. public company experience. These changes may result in significant shifting of responsibilities or replacement of key personnel. The need to identify, recruit, maintain, motivate and integrate additional employees and senior members of management, including senior executives, is expected to impose significant responsibilities on our senior executives and may divert a disproportionate amount of their attention away from our day-to-day activities. The addition of such employees and managers may have an impact on the decisions that we make over time. As a result of these changes, we may cease to be a foreign private issuer, which would require us to comply with U.S. regulations pertaining to domestic issuers instead.

In conjunction with the addition of these employees and senior members of management, we intend to grow our company. Due to our limited financial resources and the limited experience of our management team, it is possible that our management, finance, development personnel, systems and facilities currently in place may not be adequate to support this future growth. We may not be able to effectively manage the expansion of our operations, which may result in weaknesses in our infrastructure, give rise to operational errors, loss of business opportunities, loss of employees and reduced productivity among remaining employees. Our expected growth could require significant expenditures and may divert financial resources from other projects, such as the development of existing and additional product candidates. If we are unable to effectively manage our expected growth, our expenses may increase more than expected, our ability to generate or grow revenue could be reduced and we may not be able to implement our strategy. Our future financial performance and our ability to develop our product candidates and compete effectively with others in our industry will depend, in part, on our ability to effectively manage any future growth. In addition, pursuant to both Israeli law and Nasdaq rules, we have appointed independent directors, which may result in a change in the company's direction over time, as discussed in further detail in "Item 6.C.—Board Practices—Board of Directors."

We are increasingly dependent on information technology systems, infrastructure and data, and our internal computer systems, or those of our collaborators, third-party clinical research organizations or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs.

We are increasingly dependent upon information technology systems, infrastructure and data. Despite the implementation of security measures, our internal computer systems and those of our development partners, third-party clinical research organizations, data management organizations and other contractors and consultants are vulnerable to damage from service interruption or destruction, computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. In addition, such systems are subject to compromise from internal threats, such as theft, misuse, unauthorized access or other improper actions by employees, third-party service providers and other third parties with otherwise legitimate access to our systems. Cyber-attacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyber-attacks could include the deployment of harmful malware, denial-of service, social engineering and other means to affect service reliability and threaten data confidentiality, integrity and availability. It is possible that we may not be able to anticipate, detect, appropriately react and respond to, or implement effective preventative measures against all cybersecurity incidents. Our key business partners face similar risks, and a security breach of their systems could adversely affect our security posture.

While we have not experienced any such system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could cause damage or destroy assets, compromise business systems, or otherwise result in a material disruption of our programs and business operations. Security breaches further pose a risk that sensitive data, including intellectual property, clinical data, trade secrets or personal information may be exposed to unauthorized persons or to the public, altered or lost. For example, the loss of clinical trial data for any of our product candidates could delay our ability to report such data, result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach results in a loss of or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities, damages or damage to our reputation and the further development of our product candidates could be delayed. We do not currently maintain a cyber insurance policy and therefore the successful assertion of one or more large claims against us in connection with a breach or other cybersecurity-related matter could materially adversely affect our business, financial condition and operating results.

We rely on email and other messaging services in connection with our operations. We may be targeted by parties using fraudulent spoofing and phishing emails to misappropriate passwords, payment information or other personal information or to introduce viruses through Trojan horse programs or otherwise through our networks, computers, smartphones, tablets or other devices. Despite our efforts to mitigate the effectiveness of such malicious email campaigns through a variety of control and non-electronic checks, spoofing and phishing may damage our business and increase our costs. Any of these events or circumstances could materially adversely affect our business, financial condition and operating results.

We may be required to expend significant capital and other resources to protect against, respond to, and recover from any potential, attempted, or existing cybersecurity incidents. As cybersecurity incidents continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any information security vulnerabilities. In addition, our remediation efforts may not be successful. Moreover, there could be public announcements regarding any cybersecurity incidents and any steps we take to respond to or remediate such incidents, and if securities analysts or investors perceive these announcements to be negative, it could, among other things, have a substantial adverse effect on the price of our common stock. There can be no assurance that our efforts will prevent service interruptions, or identify breaches in our systems, that could adversely affect our business and operations and/or result in the loss of critical or sensitive information or the illegal transfer of funds to unknown persons, which could result in financial, legal, business or reputational harm, and may harm our relationships with third parties.

Our employees may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements and insider trading.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with the regulations of the FDA or foreign regulators, failure to provide accurate information to regulatory authorities, failure to comply with manufacturing standards we have established, failure to comply with federal and state health care fraud and abuse laws and regulations in the United States and abroad, failure to report financial information or data accurately, disclose unauthorized activities to us or failure to comply with our own internal company policies. In particular, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and cause harm to our reputation. We have adopted a code of business conduct and ethics, but it is not always possible to identify and deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions.

In addition, during the course of our operations our directors, executives and employees may have access to material, nonpublic information regarding our business, our results of operations or potential transactions we are considering. We may not be able to prevent a director, executive or employee from trading in our common stock on the basis of, or while having access to, material, nonpublic information. If a director, executive or employee was to be investigated or an action was to be brought against a director, executive or employee for insider trading, it could have a negative impact on our reputation and our stock price. Such a claim, with or without merit, could also result in substantial expenditures of time and money and divert attention of our management team from other tasks important to the success of our business.

The results of the United Kingdom's exit from the European Union, commonly referred to as "Brexit," may have a negative effect on global economic conditions, financial markets and our business.

The United Kingdom, or the U.K. exited the EU on January 31, 2020. The U.K.'s withdrawal from the EU occurred on January 31, 2020, but the U.K. remained in the EU's customs union and single market for a transition period that expired on December 31, 2020. On December 24, 2020, the U.K. and the EU entered into a trade and cooperation agreement (the "Trade and Cooperation Agreement"), which was applied on a provisional basis from January 1, 2021. While the economic integration does not reach the level that existed during the time the U.K. was a member state of the EU, the Trade and Cooperation Agreement sets out preferential arrangements in areas such as trade in goods and in services, digital trade and intellectual property. Negotiations are expected to continue in relation to the relationship between the U.K. and the EU in certain other areas which are not covered by the Trade and Cooperation Agreement.

Since a significant proportion of the regulatory framework affecting the pharmaceutical and biotechnology industries in the U.K. is derived from the EU directives and regulations, Brexit, the Trade and Cooperation Agreement and any future agreements between the U.K. and the EU could materially impact the regulatory regime with respect to the approval of our product candidates in the U.K. and/or the EU. For example, as a result of the uncertainty surrounding Brexit, the EMA relocated to Amsterdam from London. This transition may cause disruption in the administrative and medical scientific links between the EMA and the U.K. Medicines and Healthcare products Regulatory Agency, including delays in granting clinical trial authorization or marketing authorization, disruption of import and export of active substance and other components of new drug formulations, and disruption of the supply chain for clinical trial product and final authorized formulations. The cumulative effects of the disruption to the regulatory framework may add considerably to the development lead time to marketing authorization and commercialization of products in the U.K. and/or the EU. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent us from commercializing our product candidates in the U.K. and/or the EU, and restrict our ability to generate revenue and achieve and sustain profitability. If any of these outcomes occurs, we may be forced to restrict or delay efforts to seek regulatory approval in the U.K. and/or EU for our product candidates, which could significantly and materially harm our business.

The outbreak of COVID-19 in the United States, Israel and elsewhere has created significant business disruptions and could adversely affect our business.

The outbreak of COVID-19 in the United States, Israel and elsewhere, has created significant business disruptions and could adversely affect our business. In December 2019, a novel strain of COVID-19, was identified in Wuhan, China. Starting in March 2020, this virus began to spread globally, including to the United States and Israel and continues to spread globally. The spread of COVID-19 from China to other countries has resulted in the Director General of the World Health Organization declaring the outbreak of COVID-19 as a pandemic. The COVID-19 outbreak continues to rapidly evolve.

In March 2020, the Government of Israel, where we run our research and development activities and clinical trials, imposed a mandatory quarantine of all foreign visitors and, in addition, announced that non-Israeli residents or citizens traveling from certain countries may be denied entry into Israel. At various times since March 2020, Israel has further issued regulations imposing partial home confinement and other movement restrictions, reducing staffing of non-essential businesses, restricting public transportation and other public activities. To comply with such regulations, we reduced the number of employees that were allowed in our facility. We continue to monitor our operations and government regulations, guidelines and recommendations and may need to temporarily close our office space to protect our employees. In addition, hospitals may reduce staffing and have begun to reduce or postpone certain treatments in response to the spread of an infectious disease, including our clinical trials. Such events may result in a period of business disruption, and in reduced operations, any of which could materially affect our business, financial condition and results of operations.

Disruptions to our supply chain will prevent us from receiving necessary materials from manufacturers for our research and may also delay third-party laboratories with which we work from performing research tasks. If individuals or site staff who, as healthcare providers, may have heightened exposure to COVID-19, choose not to participate in or leave clinical trials being conducted by us or our collaboration partners due to concerns over infection risk or if Israeli authorities fully close or curtail access to the hospital facilities where many of our clinical trials are conducted for a prolonged time, our clinical trial operations could be significantly and adversely affected. The diversion of healthcare resources away from the conduct of clinical trials to focus on pandemic concerns, including the attention of physicians serving as our clinical trial investigators, diversion of hospitals and medical centers or sites serving as our clinical trial sites and hospital or other staff supporting the conduct of our clinical trials may significantly disrupt our research activities. Israeli authorities have begun repurposing certain medical institutions to function as centers for COVID-19 treatment, including two centers where we conduct trials.

Limitations on travel could interrupt key trial activities, such as clinical trial site initiations and monitoring of ongoing stability studies or other such experiments associated with our upcoming preclinical studies or future collaborations, domestic and international travel by employees, contractors or patients to clinical trial sites, including any government-imposed travel restrictions or quarantines that may impact the ability or willingness of patients, employees or contractors to travel to our clinical trial sites or secure visas or entry permissions, any of which could delay or adversely impact the conduct or progress of our clinical trials. At this time, our employees are largely following a work from home policy and will be required to adapt or change their current participation in our research as evolving government directives are released, including the cessation of non-essential business activity, which may be interpreted by Israeli authorities to include our clinical trials. Limitations on or the closure of mass transit may impact our business operations or delay necessary interactions with local regulators, ethics committees and other important agencies and contractors.

These disruptions resulted in a delay in completing enrollment in the EB613 clinical trial and may further prevent or delay us from completing future research and development activities and additional activities related to our ongoing or future clinical trials on our expected timelines. If a sufficient number of patients do not complete our Phase 2 clinical trial of EB613, the FDA may determine that we lack sufficient data to proceed with a Phase 3 clinical trial or may require that we alter the design of any future Phase 3 clinical trial, which may require us to expend additional resources. While we may have adapted to these developments by arranging home health visits for patients in the EB613 Phase 2 clinical trial that were unable or unwilling to come to the hospitals for monitoring and testing under the protocol, we experienced higher costs than we would have otherwise incurred, and there is no guarantee we will be able to continue doing so in the future if Israeli authorities enact a more severe lockdown than previously implemented or require citizens to shelter in place, as has already occurred in other countries across the world, including China, the United States and Europe. Interruption or delays in the operations of the FDA and foreign regulatory authorities may impact review and approval timelines. Regulatory authorities may also decide to prioritize review of other pharmaceutical approval applications, including those related to treatment of COVID-19. We may also be delayed in completing research we are contractually obligated to produce, including as part of our agreed collaboration with Amgen or with other third-party partners.

As a result, the expected timeline for data readouts of our preclinical studies and clinical trials and certain regulatory filings will likely be negatively impacted, which would adversely affect our ability to obtain regulatory approval for our product candidates, increase our operating expenses and have a material adverse effect on our financial results. We may require additional capital to continue our research activities, which funding may not be available entirely or at attractive terms.

These and other factors arising from the COVID-19 pandemic could worsen in countries that are already afflicted with COVID-19, could continue to spread to additional countries, or could return to countries where the pandemic has been partially contained, each of which could further adversely impact our ability to conduct clinical trials and our business generally, and could have a material adverse impact on our operations and financial condition and results. In addition, the trading prices for our Ordinary Shares and other biopharmaceutical companies have been highly volatile as a result of the COVID-19 pandemic. The extent to which the coronavirus impacts our business will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity and geographic reach of the coronavirus and the effectiveness of actions to contain the coronavirus or treat its impact, among others.

We are subject to risks related to restrictive data privacy regulations governing the collection, use, processing and cross-border transfer of personal information.

In the ordinary course of our business, we may collect, process, use, store or transfer sensitive data in our data centers and on our networks, including intellectual property, proprietary business information (both ours and that of our customers, suppliers and business partners) and personally identifiable information, including in connection with conducting clinical trials. We are subject to strict data privacy laws and regulations in the U.S., EU, Israel and other jurisdictions in which we operate, as well as contractual obligations, governing the collection, transmission, storage and use of personal information. The legislative and regulatory landscape for data privacy and protection continues to evolve around the world and are increasingly rigorous, with new and constantly changing requirements applicable to our business, including the U.S.'s federal Health Insurance Portability and Accountability Act of 1996, as amended, or HIPAA, the EU General Data Protection Regulation ((EU) 2016/679), or the GDPR, the Israeli Privacy Protection Law, 5741-1981, and other laws and regulations governing the collection, use, disclosure and transmission of data. The enforcement practices of these laws and regulations are likely to remain uncertain for the foreseeable future. These laws and regulations may be interpreted and applied differently over time and from jurisdiction to jurisdiction, and it is possible that they will be interpreted and applied in ways that may have a material adverse effect on our results of operations, financial condition and cash flows.

For example, in the United States, various federal and state regulators have adopted, or are considering adopting, laws and regulations concerning personal information and data security. Certain state laws may be more stringent or broader in scope, or offer greater individual rights, with respect to personal information than federal, international or other state laws, and such laws may differ from each other, all of which may complicate compliance efforts. For example, the California Consumer Privacy Act, or the CCPA, which increases privacy rights for California residents and imposes obligations on companies that process their personal information, came into effect on January 1, 2020. Among other things, the CCPA requires covered companies to provide new disclosures to California consumers and provide such consumers new data protection and privacy rights, including the ability to opt-out of certain sales of personal information. On November 3, 2020 California voters approved a new privacy law, the California Privacy Rights Act, or CPRA, which significantly modifies the CCPA, including by expanding consumers' rights with respect to certain personal information and creating a new state agency to oversee implementation and enforcement efforts. Many of the CPRA's provisions will become effective on January 1, 2023.The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches that result in the loss of personal information. This private right of action may increase the likelihood of, and risks associated with, data breach litigation. In addition, laws in all 50 U.S. states require businesses to provide notice to consumers whose personal information has been disclosed as a result of a data breach. State laws

are changing rapidly and there is discussion in Congress of a new comprehensive federal data privacy law to which we would become subject if it is enacted.

In addition, outside the United States, laws, regulations and standards in many jurisdictions apply broadly to the collection, use, retention, security, disclosure, transfer and other processing of personal information. For example, the GDPR greatly increased the European Commission's jurisdictional reach of its laws and adds a broad array of requirements for handling personal data. EU member states are tasked under the GDPR to enact, and have enacted, certain implementing legislation that adds to and/or further interprets the GDPR requirements and potentially extends our obligations and potential liability for failing to meet such obligations. The GDPR, together with national legislation, regulations and guidelines of the EU member states. governing the processing of personal data, impose strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data. Specifically, the GDPR's requirements including having legal bases for processing personal information relating to identifiable individuals and transferring such information outside of the European Economic Area, including to the United States, and other countries providing details to those individuals regarding the processing of their personal information, keeping personal information secure, having data processing agreements with third parties who process personal information, responding to individuals' requests to exercise their rights in respect of their personal information, reporting security breaches involving personal data to the competent national data protection authority and affected individuals, appointing data protection officers, conducting data protection impact assessments and record-keeping. The GDPR imposes additional responsibilities and liabilities in relation to personal data that we process and authorizes fines for certain violations of up to 4% of global annual revenue or €20 million, whichever is greater. The U.K. has transposed the GDPR into domestic law, with its version of the GDPR that took effect on January 1, 2021, which could expose us to two parallel regimes, each of which potentially authorizes similar fines for certain violations. As such, we may be required to put in place additional mechanisms ensuring compliance with the new data protection rules.

All of these evolving compliance and operational requirements impose significant costs, such as costs related to organizational changes, implementing additional protection technologies, training associates and engaging consultants, which are likely to increase over time. In addition, such requirements may require us to modify our data processing practices and policies, distract management or divert resources from other initiatives and projects. Any failure or perceived failure to comply with the requirements of privacy laws and regulations, including the CCPA, GDPR and related national data protection laws of the member states of the EU and the U.K., may result in damage to our reputation and our relationship with our customers, as well as proceedings or litigation by governmental agencies or customers, including class action privacy litigation in certain jurisdictions, which would subject us to significant fines, sanctions, awards, penalties or judgments, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

Risks Related to Regulatory Approval of Our Product Candidates

Clinical drug development is expensive, time consuming and uncertain. Development programs are subject to unanticipated delays and we may ultimately not be able to obtain regulatory approvals for the commercialization of our product candidates.

Our lead product candidates are orally delivered tablet formulations of the synthetic form of the first 34 amino acids of human PTH. We are developing EB613 to treat Osteoporosis and EB612 to treat of hypoparathyroidism. These product candidates, have not yet reached late-stage clinical development and are subject to the risks of failure inherent in drug development. The clinical development, manufacturing, quality assurance, labeling, storage, record-keeping, advertising, promotion, pharmacovigilance, import, export, marketing and distribution of our product candidates is subject to extensive regulation by the FDA in the United States and by comparable authorities in foreign markets. We are not permitted to market our product candidates in the United States until we receive approval of a new drug application, or NDA, from the FDA or in any other country until we receive marketing approval from the applicable regulatory authorities in such countries. We have not yet submitted a marketing application, or received marketing approval, for any of our product candidates and have limited experience in conducting and managing the clinical trials necessary to obtain regulatory approvals. The process of obtaining regulatory approvals is expensive, often takes many years, and can vary substantially based upon the type, complexity, and novelty of the products involved, as well as the target indications. Approval policies or regulations may change and the regulatory agencies have substantial discretion in the approval process for products, including the ability to delay, limit or deny approval of a product candidate for many reasons. Obtaining approval of an NDA or other marketing application can be a lengthy, expensive and uncertain process. Despite the time and expense invested in clinical development of product candidates, regulatory approval is never guaranteed.

The FDA or comparable foreign regulatory authorities can delay, limit or deny approval of a product candidate for many reasons, including:

- such authorities may disagree with the number, design, size, conduct or implementation of our clinical trials or any of our collaborators' clinical trials;
- we or any of our development partners may be unable to demonstrate to the satisfaction of the FDA or other regulatory authorities that a product candidate is safe and effective for any indication;
- the results of clinical trials may not meet the level of statistical significance or clinical significance required by the FDA, EMA or other regulatory agencies for approval;
- such authorities may not accept clinical data from trials which are conducted at clinical facilities or in countries where the standard of care is potentially different from that authority's jurisdiction;
- the data collected from non-clinical studies and clinical trials of our product candidates may not be sufficient to support the submission of an application for regulatory approval;
- the results of clinical trials may not demonstrate the safety or efficacy required by such authorities for approval;
- we or any of our future development partners may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- such authorities may disagree with our interpretation of data from preclinical studies or clinical trials or the use of results from studies that served as precursors to our current or future product candidates;
- such authorities may find deficiencies in our manufacturing processes or facilities or those of third-party manufacturers with which we or any of our future development partners contract for clinical and commercial supplies;
- the FDA may require development of a Risk Evaluation and Mitigation Strategy, or REMS, as a condition of approval; and
- the approval policies or regulations of such authorities may significantly change in a manner rendering our or any of our future development partners' clinical data insufficient for approval.

Each of our oral PTH product candidates, including EB613 and EB612, are still in clinical development and face a variety of risks and uncertainties, including the following:

- future clinical trial results may show that our oral PTH is not effective, including if our drug delivery technology is not effective, our product candidates are not effective, our clinical trial designs are flawed, or clinical trial investigators or subjects do not comply with trial protocols;
- our product candidates may not be well tolerated or may cause negative side effects;
- our ability to complete the development and commercialization of our oral PTH for our intended uses may be significantly dependent upon our ability to obtain and maintain experienced and committed collaborators to assist us with obtaining clinical and regulatory approvals for, and the manufacturing, marketing and distribution of, our oral PTH;

- even if our oral PTH is shown to be safe and effective for its intended purposes, we may face significant or unforeseen difficulties in obtaining or manufacturing sufficient quantities at reasonable prices, or at all;

- even if our oral PTH is successfully developed, commercially produced and receives all necessary regulatory approvals, there is no guarantee that there will be market acceptance;

- even if our oral PTH is successfully developed, commercially produced and receives all necessary regulatory approvals for the treatment of Osteoporosis, there is no guarantee that we will successfully develop and commercialize it for other indications, including hypoparathyroidism and delayed union fractures; and

- our competitors may develop therapeutics or other treatments that are superior to or less costly than our own with the result that our products, even if they are successfully developed, manufactured and approved, may not generate significant revenues.

If we are unsuccessful in dealing with any of these risks, or if we or a potential partner are unable to successfully commercialize our oral PTH or any other product candidates we may develop in the future, it would likely have a material adverse effect on our business, prospects, financial condition and results of operations. In addition, in the event we are able to successfully commercialize our oral PTH, we may sell the tablets at a discounted sales price for the initial period in order to gain market acceptance of the product, which could adversely affect our financial condition and results of operations.

In addition, before we can submit an application for regulatory approval in the United States, we must conduct a pivotal trial that will be substantially broader than our completed Phase 2a trial in hypoparathyroidism and our ongoing Phase 2 trial in osteoporosis. We will also need to agree on a protocol with the FDA for a Phase 3 clinical trial before commencing the trial. The outbreak of COVID-19 may impact whether the FDA would consider our Phase 2 clinical trial data to be sufficient for purposes of commencing a Phase 3 clinical trial for osteoporosis. Phase 3 clinical trials frequently produce unsatisfactory results even when prior clinical trials were successful. Therefore, even if the results of our Phase 2 trials are successful, the results of the additional trials that we conduct may or may not be successful. Further, our product candidates may not be approved even if they achieve their primary endpoints in Phase 3 clinical trials. For example, there is no FDA guidance on the acceptable level of variability of absorption of orally delivered products with large molecule APIs, and, therefore we are unable to be certain that we are designing our product candidates or clinical trials to satisfy the FDA in this regard. The FDA, EMA or other regulatory agencies may require that we conduct additional clinical, nonclinical, manufacturing validation or drug product quality studies beyond those planned and submit data from such trials before considering or reconsidering the application. Depending on the extent of these or any other studies, approval of any applications that we submit may be delayed by several years or may require us to expend more resources than we have available. It is also possible that additional studies, if performed and completed, may not be considered sufficient by the FDA, EMA or other regulatory agencies. If any of these outcomes occur, we would not receive approval for our oral PTH tablet or other product candidates we may develop in the future.

In addition, the FDA, EMA or other regulatory agencies may also approve a product candidate for fewer or more limited indications than we request, may impose significant limitations related to use restrictions for certain age groups, warnings, precautions or contraindications or may grant approval contingent on the performance of costly post-marketing clinical trials or risk mitigation requirements. The FDA, EMA or other regulatory agencies may also not accept the labeling claims that we believe would be necessary or desirable for the successful commercialization of our product candidates.

The commencement and completion of clinical trials can be delayed or prevented for a number of reasons.

EB613 is currently in a Phase 2 clinical trial for the treatment of osteoporosis and we had a Pre-IND meeting for EB613 with the FDA in November 2018. Following FDA guidance on our proposed preclinical and clinical development plans, we intend to further develop EB613 and conduct the required nonclinical studies and clinical trials in order to attain regulatory approval in the United States and other countries. In addition, we plan to initiate a Phase 2b/3 clinical trial of EB612 in hypoparathyroidism that would potentially support a submission for regulatory approval of EB612. Furthermore, in February
2021, we initiated a new oral GLP-2 analog research program based on our platform technology. Drug development is a long, expensive and uncertain process, and delay or failure can occur at any stage of any of our clinical trials for a number of reasons including:

- difficulties obtaining regulatory approval to commence a clinical trial or complying with conditions imposed by a regulatory authority regarding the scope or term of a clinical trial;

- delays in reaching or failing to reach agreement on acceptable terms with prospective contract research organizations, or CROs, contract manufacturing organizations, and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly;
- failure of our third-party contractors, such as CROs and contract manufacturing organizations, or our investigators to comply with regulatory requirements or otherwise meet their contractual obligations in a timely manner;
- insufficient or inadequate supply or quality of a product candidate or other materials necessary to conduct our clinical trials;
- difficulties obtaining institutional review board, or IRB, or ethics committee approval to conduct a clinical trial at a prospective site;
- the FDA, EMA or other regulatory authority may require changes to any of our trial designs, our pre-clinical strategy or our manufacturing plans;
- various challenges recruiting and enrolling subjects to participate in clinical trials, including size and nature of subject population, proximity of subjects to clinical sites, eligibility criteria for the trial, budgetary limitations, nature of trial protocol, the patient referral practices of physicians, changes in the readiness of subjects to volunteer for a trial, the availability of approved effective treatments for the relevant disease and competition from other clinical trial programs for similar indications;
- difficulties in maintaining contact with subjects who withdraw from the trial, resulting in incomplete data;
- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines;
- varying interpretations of data by the FDA and foreign regulatory agencies; and
- inaccurate interpretations by us of the FDA's guidance for the clinical and regulatory path for our product candidates.

If changes in regulatory requirements and guidance occur, we may need to significantly amend clinical trial protocols or submit new clinical trial protocols with appropriate regulatory authorities to reflect these changes. Amendments may require us to renegotiate terms with CROs, or resubmit clinical trial protocols to IRBs or ethics committees for re-examination, which may impact the costs, timing or successful completion of a clinical trial. Our clinical trials may be suspended or terminated at any time by the FDA (for trials in the U.S.), other regulatory authorities (for trials conducted outside the U.S.), the IRB /ethics committee overseeing any given clinical trial, any of our clinical trial sites with respect to that site, or us, due to a number of factors, including:

- failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols;
- findings of an inspection of the clinical trial operations or trial sites by the FDA or other regulatory authorities;
- unforeseen issues, including serious adverse events associated with a product candidate, or lack of effectiveness or any determination that a clinical trial presents unacceptable health risks;
- lack of adequate funding to continue the clinical trial due to unforeseen costs or other business decisions; and
- upon a breach or pursuant to the terms of any agreement with, or for any other reason by, current or future collaborators that have responsibility for the clinical development of any of our product candidates.

Moreover, principal investigators for our clinical trials may serve as scientific advisors or consultants to us from time to time and receive compensation in connection with such services. Under certain circumstances, we are required to report some of these relationships to the FDA. The FDA may conclude that a financial relationship between us and a principal investigator has created a conflict of interest or otherwise affected the investigator's conduct of the trial. The FDA may therefore question the integrity of the data generated at the applicable clinical trial site and the utility of the clinical trial itself may be jeopardized. This could result in a delay in approval, or rejection, of our marketing applications by the FDA and may ultimately lead to the denial of marketing approval of one or more of our product candidates.

If we do not succeed in conducting and managing our non-clinical development activities or clinical trials, or in obtaining regulatory approvals, we might not be able to commercialize our product candidates, or might be significantly delayed in doing so, which could have a material adverse effect on our business, prospects, financial condition and results of operations.

The results of previous clinical trials may not be predictive of future results, our progress in trials for one product candidate may not be indicative of progress in trials for other product candidates, and our trials may not be designed so as to support regulatory approval.

We currently have no products approved for sale and we cannot guarantee that we will ever have marketable products. Clinical failure can occur at any stage of clinical development. Clinical trials may produce negative or inconclusive results, and we or any of our current and future collaborators may decide, or regulators may require us, to conduct additional clinical or non-clinical testing. We will be required to demonstrate with substantial evidence through well-controlled clinical trials that our product candidates are safe and effective for use in a diverse population before we can obtain regulatory approvals for their commercial sale. Success in early clinical trials does not mean that future clinical trials will be successful because product candidates in later-stage clinical trials may fail to demonstrate sufficient safety and efficacy to the satisfaction of the FDA and non-U.S. regulatory authorities despite having progressed through initial clinical trials. Product candidates that have shown promising results in early clinical trials may still suffer significant setbacks in subsequent clinical trials. Similarly, the outcome of non-clinical testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Progress in trials of one product candidate does not indicate that we will make similar progress in additional trials for that product candidate or in trials for our other product candidates. A number of companies in the pharmaceutical industry, including those with greater resources and experience than us, have suffered significant setbacks in advanced clinical trials, even after obtaining promising results in earlier clinical trials.

The design of a clinical trial can determine whether its results will support approval of a product. We may be unable to design and/or execute a clinical trial to support regulatory approval. Flaws in the design of a clinical trial may not become apparent until the clinical trial is well advanced or completed. In addition, we may have little control over whether subjects comply with important aspects of clinical trial protocols. In particular, in trials of our oral PTH, if subjects do not comply with restrictions on eating and drinking before and after administration of our product candidates, interaction between the drug and food in the gastrointestinal tract, or a “food effect,” may decrease the bioavailability and increase the variability of drug delivered to the subject, which may negatively impact efficacy.

In some instances, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial protocols, differences in size and type of the patient populations, adherence to the dosing regimen and other trial protocols, modifications in the formulation throughout the course of development and the rate of dropout among clinical trial participants. While we have not had any serious adverse events in our clinical trials to date, that are believed to be related to our oral PTH product candidates, we may need to change future trial designs in response to adverse events that occur during future clinical development. We do not know whether any Phase 2, Phase 3 or other clinical trials we or any of our collaborators may conduct will demonstrate consistent or adequate efficacy and safety to obtain regulatory approval to market our product candidates.

Even if regulatory approvals are obtained for our product candidates, we will be subject to ongoing government regulation. If we fail to comply with applicable current and future laws and government regulations, it could delay or prevent the promotion, marketing or sale of our products.

Even if marketing approval is obtained for our product candidates, a regulatory authority may still impose significant restrictions on a product’s indications, conditions for use, distribution or marketing or impose ongoing requirements for potentially costly post-market surveillance, post-approval studies or clinical trials, all of which may result in significant expense and limit our ability to commercialize our products. Our products will also be subject to ongoing requirements governing the labeling, packaging, storage, advertising, distribution, promotion, recordkeeping and submission of safety and other post-market information, including adverse events, and any changes to the approved product, product labeling or manufacturing process. In addition, manufacturers of drug products and their facilities are subject to continual review and periodic inspections by the FDA and other regulatory authorities for compliance with Current Good Manufacturing Practice, or cGMP, requirements and other regulations.

If we, our drug products or the manufacturing facilities for our drug products, fail to comply with applicable regulatory requirements, a regulatory agency may:

- issue warning letters or untitled letters or take similar enforcement actions;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- suspend or withdraw marketing approval;
- suspend any ongoing clinical trials;
- refuse to approve pending applications or supplements to applications;
- suspend or impose restrictions on operations, including costly new manufacturing requirements;
- seize or detain products, refuse to permit the import or export of products, exclude products from federal healthcare programs, or request that we initiate a product recall; or
- refuse to allow us to enter into supply contracts, including government contracts.

We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad, and compliance with such regulation may be expensive and consume substantial financial and management resources. If we or any future marketing collaborators or contract manufacturers are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies or are not able to maintain regulatory compliance, it could delay or prevent the promotion, marketing or sale of our products, which would adversely affect our business and results of operations.

In order to obtain FDA approval for EB612 prior to the expiration of Natpara's orphan drug exclusivity in 2022, we may need to show that EB612 is clinically superior or otherwise makes a major contribution to patient care. Moreover, although we have obtained orphan drug designation for EB612 for the treatment of hypoparathyroidism, we may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity.

Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a product candidate as an orphan drug if it is a drug intended to treat a rare disease or condition, which is generally defined as a condition that affects fewer than 200,000 individuals in the United States or that affects more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making available the drug for the disease or condition will be recovered from sales of the drug in the United States. In the EU, the European Commission may designate a product candidate as an orphan medicinal product if it is a medicine for the diagnosis, prevention or treatment of life-threatening or very serious conditions that affects not more than five in 10,000 persons in the EU, or it is unlikely that marketing of the medicine would generate sufficient returns to justify the investment needed for its development and no satisfactory method of diagnosis, prevention or treatment of the condition concerned is authorized, or, if such method exists, that the medicinal product will be of significant benefit to those affected by the condition. We have received orphan drug designation for oral PTH, specifically human PTH (1-34), for the treatment of hypoparathyroidism from the FDA, but orphan drug designation may not ensure that we have market exclusivity in a particular market and there is no assurance we will be able to receive orphan drug designation for any additional oral PTH product candidates for the treatment of other diseases. Further, the granting of a request for orphan drug designation does not alter the standard regulatory requirements and process for obtaining marketing approval, including the development time or regulatory review time of a drug.

Generally, if a product candidate with an orphan drug designation receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which, subject to certain exceptions, precludes the FDA from approving another drug with the same active moiety for the same indication for that time period or precludes the EMA, and other national drug regulators in the EU, from accepting the marketing application for a similar medicinal product for the same indication. The applicable period is seven years in the United States and 10 years in the EU. The EU period can be reduced to six years if, at the end of the fifth year of marketing exclusivity, a product no longer meets the criteria for orphan drug designation, for instance if the product is sufficiently profitable so that market exclusivity is no longer justified. In the EU, orphan exclusivity may also be extended for an additional two years (i.e., a maximum of 12 years' orphan exclusivity) if the product is approved on the basis of a dossier that includes pediatric clinical trial data generated in accordance with an approved pediatric investigation plan. Orphan drug exclusivity may be lost in the United States if the FDA determines that the request for designation was materially defective or if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition.

Orphan drug exclusivity may not effectively protect the product from competition because exclusivity can be suspended under certain circumstances. In the United States, even after an orphan drug is approved, the FDA can subsequently approve another drug with the same active moiety for the same condition if the FDA concludes that the later drug is clinically superior in that it is shown to be safer, more effective or otherwise makes a major contribution to patient care. In the EU, orphan exclusivity will not prevent a marketing authorization being granted for a similar medicinal product in the same indication if the new product is safer, more effective or otherwise clinically superior to the first product or if the marketing authorization holder of the first product is unable to supply sufficient quantities of the product.

We believe that our key competitor in hypoparathyroidism treatment is Takeda Pharmaceutical Company Ltd., whose product Natpara, an injectable bioengineered recombinant form of PTH (1-84), was approved by the FDA in January 2015, and conditionally approved by the EMA in April 2017. Natpara has been granted orphan drug designation for hypoparathyroidism by the FDA and, as the first approved product for this indication, has orphan drug market exclusivity for seven years in the United States and, 10 years after receipt of market approval in the EU. Therefore, we will only be able to obtain regulatory approval for EB612 prior to expiration of Natpara's orphan exclusivity period in the United States, which expires in January 2022, if we demonstrate EB612's clinical superiority over Natpara in that it demonstrates greater effectiveness or safety than Natpara or that it otherwise makes a major contribution to patient care. We believe that we will be able to demonstrate to the satisfaction of the FDA and EMA that our formulation of PTH is clinically superior to Natpara, and therefore we do not believe that the FDA or EMA will be precluded from approving a marketing application prior to Natpara's expiration of orphan exclusivity, but there can be no assurance that we will be able to demonstrate that EB612 is clinically superior to Natpara or otherwise makes a major contribution to patient care, under the applicable FDA and EMA standards and obtain regulatory approval even if EB612 would otherwise satisfy each regulator's standards for approval. In 2019, Natpara was recalled due to certain manufacturing issues.

Even if we obtain regulatory approval of EB612, we may not enjoy the benefits of our orphan designation for EB612 for hypoparathyroidism. Regulatory approval of EB612 would not create exclusivity vis-a-vis Natpara, and we would still have to compete with Natpara for market acceptance and on other factors that contribute to commercial success, such as reimbursement. Moreover, even if we obtain orphan drug exclusivity for EB612 vis-à-vis other products in development, that exclusivity may not effectively protect EB612 from competition because different drugs with different active moieties can be approved for the same condition. Even after an orphan drug is approved, the FDA or EMA can subsequently approve the same drug with the same active moiety for the same condition if the FDA or EMA concludes that the later drug is safer, more effective, or otherwise makes a major contribution to patient care.

Healthcare legislative changes may harm our business and future prospects.

Healthcare costs have risen significantly over the past decade. Globally, governments are becoming increasingly aggressive in imposing health care cost-containment measures. Certain proposals, if passed, would impose limitations on the prices we will be able to charge for the products that we are developing, or the amounts of reimbursement available for these products from governmental agencies or third-party payors. These limitations could in turn reduce the amount of revenues that we will be able to generate in the future from sales of our products and licenses of our technology.

In the United States, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or MMA changed the way Medicare covers and pays for pharmaceutical products. The MMA expanded Medicare coverage for outpatient drug purchases by those covered by Medicare under a new Part D and introduced a new reimbursement methodology based on average sales prices for Medicare Part B physician-administered drugs. In addition, the MMA authorized Medicare Part D prescription drug plans to limit the number of drugs that will be covered in any therapeutic class. As a result of this legislation and the expansion of federal coverage of drug products, we expect that there will be additional pressure to contain and reduce costs. These cost reduction initiatives and other provisions of the MMA could decrease the coverage and price that we receive for any approved products and could seriously harm our future business prospects. While this law applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from this law may result in a similar reduction in payments from private payors.

In March 2010, President Obama signed into law the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the ACA, a sweeping law intended to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for health care and health insurance industries, impose new taxes and fees on the health industry and impose additional health policy reforms. The ACA, among other things, increased rebates a manufacturer must pay to the Medicaid program, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, established a new Medicare Part D coverage gap discount program, in which manufacturers must provide 50% point-of-sale discounts on products covered under Part D and implemented payment system reforms including a national pilot program on payment bundling to encourage hospitals, physicians

and other providers to improve the coordination, quality and efficiency of certain healthcare services through bundled payment models. Further, the new law imposed a significant annual fee on companies that manufacture or import branded prescription drug products. Substantial new provisions affecting compliance were enacted, which may affect our business practices with health care practitioners. The ACA appears likely to continue the pressure on pharmaceutical pricing and may also increase our regulatory burdens and operating costs.

In addition, other legislative changes have been proposed and adopted in the United States since the ACA was enacted. In 2011, the U.S. Congress enacted the Budget Control Act of 2011 (the "Budget Control Act"), which included provisions intended to reduce the federal deficit. The Budget Control Act resulted in the imposition of 2% reductions in Medicare payments to providers beginning in 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2027 absent additional congressional action; however, pursuant to the CARES Act, and subsequent legislation, these reductions are suspended from May 1, 2020 through March 31, 2021 due to the COVID-19 pandemic. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our drugs, if approved, and accordingly, our financial operations. If government spending is further reduced, anticipated budgetary shortfalls may also impact the ability of relevant agencies, such as the FDA, to continue to function at current levels, which may impact the ability of relevant agencies to timely review and approve research and development, manufacturing and marketing activities, which may delay our ability to develop, market and sell any product candidates we may develop. In addition, any significant spending reductions affecting Medicare, Medicaid or other publicly funded or subsidized health programs that may be implemented, or any significant taxes or fees that may be imposed on us, as part of any broader deficit reduction effort or legislative replacement to the Budget Control Act, could have an adverse impact on our anticipated product revenues.

There have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal and replace certain aspects of the ACA, and we expect such challenges to continue. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. In 2017, the U.S. Congress enacted the Tax Cuts and Jobs Act (the "2017 Tax Act"), which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain fees mandated by the ACA, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans and the annual fee imposed on certain health insurance providers based on market share. The Bipartisan Budget Act of 2018, or the BBA, among other things, amends the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans. In July 2018, CMS published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation, regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a federal judge in Texas ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the 2017 Tax Act. While the judge, as well as the Trump administration and CMS, have stated that the ruling will have no immediate effect pending appeal of the decision, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace the ACA, will impact our business. On December 18, 2019, the Fifth Circuit Court of Appeals upheld the lower court's decision that the ACA was unconstitutional. On March 2, 2020, the U.S. Supreme Court granted certiorari to review the case and oral arguments were held on November 10, 2020. Although the U.S. Supreme Court has not yet ruled on the constitutionality of the ACA, on January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through May 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA. Pending review, the ACA remains in effect, but it is unclear what effect this litigation, other efforts to repeal and replace the ACA and the healthcare reform measures of the Biden administration will have on the status of the ACA. Litigation and legislation over the ACA are likely to continue, with unpredictable and uncertain results.

Moreover, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their commercial products. There have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare, and reform government program reimbursement methodologies for drugs. On March 10, 2020, the Trump administration sent "principles" for drug pricing to Congress, calling for legislation that would, among other things, cap Medicare Part D beneficiary out-of-pocket pharmacy expenses, provide an option to cap Medicare Part D beneficiary monthly out-of-pocket expenses, and place limits on pharmaceutical price increases. Additionally, the Trump administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. On July 24, 2020 and September 13, 2020, the Trump administration announced several executive orders related to prescription drug pricing that attempt to implement several of the administration's proposals. As a result, the FDA released a final rule on September 24, 2020, effective November 30, 2020, providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, the U.S. Department of Health and Human Services, or HHS, finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. On November 20, 2020, CMS issued an interim final rule implementing President Trump's Most Favored Nation executive order, which would tie Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021. On December 28, 2020, the U.S. District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. It is unclear whether the Biden administration will work to reverse these measures or pursue similar policy initiatives. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Additionally, on November 20, 2020, CMS issued an Interim Final Rule implementing the Most Favored Nation, or MFN, Model under which Medicare Part B reimbursement rates will be calculated for certain drugs and biologicals based on the lowest price drug manufacturers receive in Organization for Economic Cooperation and Development countries with a similar gross domestic product per capita. The MFN Model regulations mandate participation by identified Part B providers and will apply in all U.S. states and territories for a seven-year period beginning January 1, 2021 and ending December 31, 2027. The Interim Final Rule has not been finalized and is subject to revision and challenge, including legal challenges from industry advocacy groups and participants. On November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. Although a number of these, and other proposed measures may require authorization through additional legislation to become effective, and the Biden administration may reverse or otherwise change these measures, Congress has indicated that it will continue to seek new legislative measures to control drug costs.

On November 20, 2020, the HHS Office of Inspector General finalized further modifications to the federal Anti-Kickback Statute. Under the final rules, the HHS Office of Inspector General added safe harbor protections under the Anti-Kickback Statute for certain coordinated care and value-based arrangements among clinicians, providers, and others, yet removed safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. This rule (with exceptions) became effective January 19, 2021. We continue to evaluate what effect, if any, these rules will have on our business. CMS issued a final rule, effective on July 9, 2019, that requires direct-to-consumer advertisements of prescription drugs and biological products, for which payment is available through or under Medicare or Medicaid, to include in the advertisement the Wholesale Acquisition Cost, or list price, of that drug or biological product if it is equal to or greater than $35 for a monthly supply or usual course of treatment. Prescription drugs and biological products that are in violation of these requirements will be included on a public list. Any adopted health reform measure could reduce the ultimate demand for our products, if approved, or put pressure on our product pricing. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug

and other healthcare programs. We expect that additional state and federal healthcare reform measures will be adopted in the future.

The delivery of healthcare in the EU, including the establishment and operation of health services and the pricing and reimbursement of medicines, is almost exclusively a matter for national, rather than EU, law and policy. National governments and health service providers have different priorities and approaches to the delivery of health care and the pricing and reimbursement of products in that context. In general, however, the healthcare budgetary constraints in most EU member states have resulted in restrictions on the pricing and reimbursement of medicines by relevant health service providers. Coupled with ever-increasing EU and national regulatory burdens on those wishing to develop and market products, this could prevent or delay marketing approval of our product candidates, restrict or regulate post-approval activities and affect our ability to commercialize any products for which we obtain marketing approval. Both in the United States and in the EU, legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We do not know whether additional legislative changes will be enacted, or whether the regulations, guidance or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be.

Our relationships with customers and payors are subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which, if violated, could expose us to criminal sanctions, civil penalties, exclusion from government healthcare programs, contractual damages, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and others will play a primary role in the recommendation and prescription of any products for which we obtain marketing approval. Our future arrangements with third-party payors and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations, primarily in the United States, that may constrain the business or financial arrangements and relationships through which we market, sell and distribute our products for which we obtain marketing approval. Restrictions under applicable healthcare laws and regulations, include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under a federal health care program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;

- the federal False Claims Act imposes civil penalties, and provides for civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- HIPAA imposes criminal and civil liability for executing a scheme to defraud any health care benefit program or making false statements relating to health care matters. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation;

- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for health care benefits, items or services;

- the federal transparency requirements under the ACA requires certain manufacturers of drugs, devices, biologics and medical supplies to report to the Department of Health and Human Services information related to payments and other transfers of value to physicians and teaching hospitals and the ownership and investment interests of such physicians or their family members;

- the Physician Payments Sunshine Act, created under the ACA, and its implementing regulations, which requires specified manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to payments or other “transfers of value” made to physicians. All such reported information is publicly available;

- analogous state and non-U.S. laws and regulations, such as certain state anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers; state laws that require pharmaceutical companies to comply with the industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts; and

- regulation by the Centers for Medicare and Medicaid Services and enforcement by the U.S. Department of Health and Human Services (Office of Inspector General) or the U.S. Department of Justice.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our future business activities could be subject to challenge under one or more of such laws.

Efforts to ensure that our business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from U.S. government funded healthcare programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business with are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

Risks Related to Commercialization of Our Product Candidates

We are likely to face significant competition, and if our competitors' products are more effective, safer or less expensive than ours, our commercial opportunities will be negatively affected. Our lead product candidates, if approved, would compete with existing products.

Our industry is highly competitive and subject to rapid and significant technological change. While we believe that our technology, knowledge, experience and scientific resources provide us with competitive advantages, we face competition from many different sources, including large pharmaceutical, specialty pharmaceutical, biotechnology and generic drug companies and academic and government institutions. These organizations may have significantly greater resources than we do and conduct similar research, seek and obtain patent protection that may impact our freedom to operate and establish collaborative arrangements for research, development, manufacturing and marketing of products that compete with our product candidates. We believe that the key competitive factors that will affect the development and commercial success of our oral PTH product candidates, and any other product candidates that we develop, are efficacy, safety and tolerability profile, convenience in dosing, product labeling, price and availability of reimbursement from the government and other third-parties. Our commercial opportunity could be reduced or eliminated if our competitors have products that are better in one or more of these categories. Furthermore, our competitors may, among other things: develop and commercialize products that are safer, more effective, less expensive, or more convenient or easier to administer; obtain quicker regulatory approval; establish superior proprietary positions; have access to more manufacturing capacity; implement more effective approaches to sales and marketing; or form more advantageous strategic alliances.

Our primary innovation is our development of an oral drug delivery technology for large peptides, protein and other large molecules. If another company develops an alternative technology for oral delivery of such molecules that is equal to or better than our technology, we may be unable to compete.

The osteoporosis market is already served by a variety of competing products based on a number of APIs. Many of these existing products have achieved widespread acceptance among physicians, patients and payors for the treatment of osteoporosis. The market has been dominated by bisphosphonates for many years, although bisphosphonates' market share has declined due to the occurrence of rare but potentially serious side effects, as well as the introduction of newly developed pharmacological treatments. Many of the new drugs have serious side effects of their own. Eli Lilly's Forteo, an injectable PTH (1-34), is one of the most effective osteoporosis medications, and newer products such as Prolia® and EVENITY® have been launched by Amgen Inc., or Amgen. We anticipate that our product candidate EB613, if approved, will compete with Forteo, Prolia, EVENITY, and the rest of the pharmacological treatments for osteoporosis. Many of these products are available on a generic basis, and EB613 may not demonstrate sufficient additional clinical benefits to physicians, patients or payors as compared to generic products. In many cases, insurers or other third-party payors, particularly Medicare, seek to encourage the use of generic products. Furthermore, our competitors in this market are large pharmaceutical companies and the alternatives have been on the market for many years and have widespread market acceptance.

We believe that our key competitor in hypoparathyroidism treatment is Natpara. If we obtain regulatory approval for EB612, it will compete with Natpara, which by that time will have been marketed for several years and may have wide-spread market acceptance that may be difficult to overcome. In order to obtain FDA approval for EB612 prior to the expiration of Natpara's orphan drug exclusivity in 2022, we need to show that EB612 is clinically superior to Natpara or otherwise makes a major contribution to patient care. Moreover, although we have obtained orphan drug designation for EB612 for the treatment of hypoparathyroidism, we may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity. In addition, Ascendis Pharma has reported that it is developing a long-acting, oral prodrug formulation of PTH for the treatment of hypoparathyroidism. In August 2020, Ascendis reported on top-line results from a global Phase 2 trial, and anticipates initiating a Phase 3 trial by the end of 2021 or 2022.

We are subject to manufacturing risks that could substantially increase our costs and limit supply of our products.

The process of manufacturing our products is complex, highly regulated and subject to several risks, including:

- We do not have experience in manufacturing our product candidates at commercial scale. We may not succeed in the scaling up of our final manufacturing process. We may need a larger-scale manufacturing process for our oral PTH than what we have planned, depending on the dose and regimen that will be determined in future studies. Any changes in our manufacturing processes as a result of scaling up may result in the need to obtain additional regulatory approvals. Difficulties in achieving commercial-scale production or the need for additional regulatory approvals as a result of scaling up could delay the development and regulatory approval of our product candidates and ultimately affect our success. Contract manufacturers may not have sufficient expertise to manufacture a dry oral formulation with a large molecule API, in which case we may have to establish our own commercial manufacturing capabilities, which could be expensive and delay launch of product candidates.

- The manufacturing process for large molecules is more complex and subject to greater regulation than that of other drugs. The process of manufacturing large molecules, such as our product candidates, is extremely susceptible to product loss due to contamination, equipment failure or improper installation or operation of equipment, vendor or operator error, inconsistency in yields, variability in product characteristics and difficulties in scaling the production process. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our product candidates or in the manufacturing facilities in which our product candidates are made, such manufacturing facilities may need to be closed for an extended period of time to investigate and remedy the contamination.

- The manufacturing facilities in which our product candidates are made could be adversely affected by equipment failures, labor shortages, natural disasters, power failures, outbreaks of an infectious disease such as COVID-19 and numerous other factors.

- We must comply with applicable current cGMP, regulations and guidelines. We may encounter difficulties in achieving quality control and quality assurance and may experience shortages in qualified personnel. We are subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm compliance with applicable regulatory requirements. Any failure to follow cGMP or other regulatory requirements or delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our product candidates as a result of a failure of our facilities or the facilities or operations of third parties to comply with regulatory requirements or pass any regulatory authority inspection could significantly impair our ability to develop and commercialize our product candidates, including leading to significant delays in the availability of drug product for our clinical trials or the termination or hold on a clinical trial, or the delay or prevention of a filing or approval of marketing applications for our product candidates. Significant noncompliance could also result in the imposition of sanctions, including fines, injunctions, civil penalties, failure of regulatory authorities to grant marketing approvals for our product candidates, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could damage our reputation. If we are not able to maintain regulatory compliance, we may not be permitted to market our product candidates and/or may be subject to product recalls, seizures, injunctions, or criminal prosecution.

- Any adverse developments affecting manufacturing operations for our product candidates, if any are approved, may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives.

- Our product candidates that have been produced and are stored for later use may degrade, become contaminated or suffer other quality defects, which may cause the affected product candidates to no longer be suitable for their intended use in clinical trials or other development activities. If the defective product candidates cannot be replaced in a timely fashion, we may incur significant delays in our development programs that could adversely affect the value of such product candidates.

We currently have no sales, marketing or distribution infrastructure. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely affect the commercialization of our products. If we enter into collaborations to market and sell any approved products, our revenue may be lower and we will be dependent on the efforts of a third party.

We have not yet established sales, marketing or distribution operations because our product candidates are in the early to mid-stages of clinical development. If our product candidates are approved and we were to commercialize these products, such activities would be expensive and time consuming. If we elect to fund and undertake commercialization activities on our own, we may need to obtain additional expertise and additional capital, which may not be available to us on acceptable terms or at all. In addition, the costs of establishing sales and marketing operations may be incurred in advance of any approval of our product candidates. Moreover, we may not be able to hire a sales force that is sufficient in size or has adequate expertise in the medical markets that we intend to target. Any failure or delay in the development of our internal sales, marketing and distribution capabilities would adversely affect the commercialization of our products.

Alternatively, we may consider entering into a collaboration to commercialize our oral PTH candidates globally or in selected regions. Any such collaborator would be responsible for, or substantially support, late stage clinical trials of our oral PTH product candidates, as well as regulatory approvals and registrations. These arrangements are typically complex and time consuming to negotiate. To the extent that we enter into collaboration agreements with respect to marketing, sales or distribution, our product revenue may be lower than if we directly marketed and sold any approved products. In addition, any revenue we receive will depend in whole or in part upon the efforts of these third-party collaborators, which may not be successful and are generally not within our control. If we are unable to enter into these arrangements on acceptable terms or at all, we may not be able to successfully commercialize any approved products. If we are not successful in commercializing any approved products, either on our own or through collaborations with one or more third parties, our future product revenue will suffer and we may incur significant additional losses.

Even if approved, if any of our product candidates do not achieve broad market acceptance among physicians, patients, the medical community and third-party payors, our revenue generated from their sales will be limited.

The commercial success of our product candidates will depend upon their acceptance among physicians, patients and the medical community. The degree of market acceptance of our product candidates will depend on a number of factors, including:

- limitations or warnings contained in the approved labeling for a product candidate;

- changes in the standard of care for the targeted indications for any of our product candidates;

- limitations in the approved clinical indications for our product candidates;

- demonstrated clinical safety and efficacy compared to other products;

- lack of significant adverse side effects;

- sales, marketing and distribution support;
- availability and extent of coverage and reimbursement from managed care plans and other third-party payors;
- timing of market introduction and perceived effectiveness of competitive products;
- the degree of cost-effectiveness of our product candidates;
- availability of alternative therapies at similar or lower cost, including generic and over-the-counter products;
- the extent to which the product candidate is approved for inclusion on formularies of hospitals and third-party payors, including managed care organizations;
- whether the product is designated under physician treatment guidelines as a first-line therapy or as a second- or third-line therapy for particular diseases;
- adverse publicity about our product candidates or favorable publicity about competitive products;
- convenience and ease of administration of our products; and
- potential product liability claims.

If any of our product candidates are approved, but do not achieve an adequate level of acceptance by physicians, patients and the medical community, we may not generate sufficient revenue from these products, and we may not become or remain profitable. In addition, efforts to educate the medical community and third-party payors on the benefits of our product candidates may require significant resources and may never be successful.

Even if we obtain regulatory approval of any of our product candidates in a major pharmaceutical market such as the United States or the EU, we may never obtain approval or commercialize our products in other major markets, which would limit our ability to realize their full market potential.

In order to market any products in a country or territory, we must establish and comply with numerous and varying regulatory requirements of such countries or territories regarding safety and efficacy. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not mean that regulatory approval will be obtained in any other country. Approval procedures vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approvals in all major markets could result in significant delays, difficulties and costs for us and may require additional preclinical studies or clinical trials which would be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. Satisfying these and other regulatory requirements is costly, time consuming, uncertain and subject to unanticipated delays. In addition, our failure to obtain regulatory approval in any country may delay or have negative effects on the process for regulatory approval in other countries. We do not have any product candidates approved for sale in any jurisdiction, including international markets, and we do not have experience in obtaining regulatory approval in international markets. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, our target market will be reduced and our ability to realize the full market potential of our products will be harmed.

The successful commercialization of our product candidates, if approved, will depend in part on the extent to which governmental authorities and third-party payors establish adequate coverage and reimbursement levels and pricing policies.

The successful commercialization of our product candidates, if approved, will depend, in part, on the extent to which coverage and reimbursement for our products will be available from government and health administration authorities, private health insurers and other third-party payors. To manage healthcare costs, many governments and third-party payors increasingly scrutinize the pricing of new technologies and require greater levels of evidence of favorable clinical outcomes and cost-effectiveness before extending coverage. In light of such challenges to prices and increasing levels of evidence of the benefits and clinical outcomes required of new technologies, we cannot be sure that coverage will be available for our oral PTH product candidates or any other product candidate that we commercialize and, if available, that the reimbursement rates will be adequate. If we are unable to obtain adequate levels of coverage and reimbursement for our product candidates, their marketability will be negatively and materially impacted.

Reimbursement may impact the demand for, or the price of, any product for which we obtain marketing approval. In addition, third-party payors are likely to impose strict requirements for reimbursement in order to limit off-label use of a higher priced drug. Reimbursement by a third-party payor may depend upon a number of factors including the third-party payor's determination that use of a product is:

- a covered benefit under its health plan;
- safe, effective and medically necessary;
- appropriate for the specific patient;
- cost-effective; and
- neither experimental nor investigational.

Third party payors may deny coverage and reimbursement status altogether of a given drug product, or cover the product but establish prices at levels that are too low to enable us to realize an appropriate return on our investment in product development. Because the coverage and reimbursement policies may change frequently, in some cases at short notice, even when there is favorable coverage and reimbursement, future changes may occur that adversely impact the favorable status. Further, the net reimbursement for drug products may be subject to additional reductions if there are changes to laws that presently restrict imports of drugs from countries where they may be sold at lower prices than in the United States.

The unavailability or inadequacy of third-party coverage and reimbursement could have a material adverse effect on the market acceptance of our product candidates and the future revenues we may expect to receive from those products. In addition, we are unable to predict what additional legislation or regulation relating to the healthcare industry or third-party coverage and reimbursement may be enacted in the future, or what effect such legislation or regulation would have on our business.

Obtaining coverage and reimbursement approval for a product from a government or other third-party payors is a time-consuming and costly process that could require us to provide supporting scientific, clinical and cost effectiveness data for the use of our products to the payor. We may not be able to provide data sufficient to gain acceptance with respect to coverage and reimbursement. We cannot be sure that coverage or adequate reimbursement will be available for our product candidates, if approved. Also, we cannot be sure that reimbursement amounts will not reduce the demand for, or the price of, our future products. If reimbursement is not available, or is available only to limited levels, we may not be able to commercialize our product candidates, profitably or at all, even if approved.

We may become exposed to costly and damaging liability claims, either when testing our product candidates in the clinic or at the commercial stage; and our product liability insurance may not cover all damages from such claims.

We are exposed to potential product liability and professional indemnity risks that are inherent in the research, development, manufacturing, marketing and use of pharmaceutical products. Currently we have no products that have been approved for commercial sale; however, the current and future use of product candidates by us in clinical trials, and the sale of any approved products in the future, may expose us to liability claims. These claims might be made by patients that use the product, healthcare providers, pharmaceutical companies, our collaborators or others selling such products. Any claims against us, regardless of their merit, could be difficult and costly to defend and could materially adversely affect the market for our product candidates or any prospects for commercialization of our product candidates. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for any of our product candidates or products we develop;
- injury to our reputation and significant negative media attention;
- withdrawal of clinical trial participants or cancellation of clinical trials;
- costs to defend the related litigation, which may be only partially recoverable even in the event of successful defense;
- a diversion of management's time and our resources;

- substantial monetary awards to trial participants or patients;
- regulatory investigations, product recalls, withdrawals or labeling, marketing or promotional restrictions;
- loss of revenues; and
- the inability to commercialize any products we develop.

Although the clinical trial process is designed to identify and assess potential side effects, it is always possible that a drug, even after regulatory approval, may exhibit unforeseen side effects. If any of our product candidates were to cause adverse side effects during clinical trials or after approval of the product candidate, we may be exposed to substantial liabilities. Physicians and patients may not comply with any warnings that identify known potential adverse effects and patients who should not use our product candidates.

Although we maintain limited product liability insurance for our product candidates, it is possible that our liabilities could exceed our insurance coverage. We intend to expand our insurance coverage to include the sale of commercial products if we obtain marketing approval for any of our product candidates. However, we may not be able to maintain insurance coverage at a reasonable cost or obtain insurance coverage that will be adequate to satisfy any liability that may arise. If a successful product liability claim or series of claims is brought against us for uninsured liabilities or in excess of insured liabilities, our assets may not be sufficient to cover such claims and our business operations could be impaired.

Should any of the events described above occur, this could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Dependence on Third Parties

We are highly dependent upon our ability to enter into agreements with collaborators to develop, commercialize and market our products.

We may enter into collaborations with third parties that we believe could provide us with funding, research support, and other milestone payments. For example, we have entered into a research collaboration and license agreement with Amgen. Under the agreement, the parties will collaborate for the development and discovery of clinical candidates in the field of inflammatory disease and other serious illnesses. Further, under the terms of the agreement, we will engage in formulation and preclinical development at Amgen's expense. Amgen will be responsible for subsequent research, clinical development, manufacturing and commercialization of any of the resulting programs, at its expense. We also anticipate seeking a collaborator to develop EB613 for osteoporosis and that any such collaborator would be responsible for, or substantially support, late stage clinical trials of EB613 as well as regulatory approvals and registrations and any potential commercialization activities.

We face significant competition in seeking appropriate collaborators. Our ability to reach a definitive agreement for a collaboration will depend, inter alia, upon our assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's evaluation of a number of factors. These factors may include the design or results of clinical trials, the likelihood of approval by the FDA, the EMA or similar regulatory authorities, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to our ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available for collaboration and whether such a collaboration could be more attractive than the one with us for our product candidate.

Collaborations are complex and time-consuming to negotiate and document. If we are unable to reach agreements with suitable collaborators on a timely basis, on acceptable terms, or at all, we may have to curtail the development of a product candidate, reduce or delay one or more of our other development programs, delay potential commercialization of a product candidate or reduce the scope of any sales or marketing activities, or increase our expenditures and undertake development or commercialization activities at our own expense. If we fail to enter into collaborations and do not have sufficient funds or expertise to undertake the necessary development and commercialization activities ourselves, we may not be able to further develop our product candidates or bring them to market or continue to develop our technology platforms and our business may be materially and adversely affected.

Any collaboration we enter into may pose a number of risks, including the following:

- Collaborators may have significant discretion in determining the efforts and resources that they will apply to these collaborations;
- Collaborators may not perform their obligations as expected;
- Collaborators may not pursue development and commercialization of any product candidates that achieve regulatory approval or may elect not to continue or renew development or commercialization programs based on clinical trial results, changes in the collaborators' strategic focus or available funding, or external factors, such as an acquisition, that divert resources or create competing priorities;
- Collaborators may delay clinical trials, provide insufficient funding for a clinical trial program, stop a clinical trial or abandon a product candidate, repeat or conduct new clinical trials or require a new formulation of a product candidate for clinical testing;
- Collaborators could independently develop, or develop with third parties, products that compete directly or indirectly with our products or product candidates if the collaborators believe that competitive products are more likely to be successfully developed or can be commercialized under terms that are more economically attractive than ours;
- Product candidates discovered in collaboration with us may be viewed by our collaborators as competitive with their own product candidates or products, which may cause collaborators to cease to devote resources to the commercialization of our product candidates;
- A collaborator with marketing and distribution rights to one or more of our product candidates that achieve regulatory approval may not commit sufficient resources to the marketing and distribution of such product or products;
- Disagreements with collaborators, including disagreements over proprietary rights, contract interpretation or the preferred course of development, might cause delays or termination of the research, development or commercialization of product candidates, might lead to additional responsibilities for us with respect to product candidates, or might result in litigation or arbitration, any of which would be time-consuming and expensive;
- Collaborators may not properly obtain, maintain, defend or enforce our intellectual property rights or may use our proprietary information in such a way as to invite litigation that could jeopardize or invalidate our intellectual property or proprietary information or expose us to potential litigation or other intellectual property-related proceedings, including proceedings challenging the scope, ownership, validity and enforceability of our intellectual property. For example, Amgen has the first right to enforce or defend certain of our intellectual property rights under our research collaboration and license agreement, and although we may have the right to assume the enforcement and defense of such intellectual property rights if Amgen does not, our ability to do so may be compromised by Amgen's actions;
- Collaborators may own or co-own intellectual property covering our product candidates or research programs that results from our collaboration with them, and in such cases, we may not have the exclusive right to commercialize such intellectual property or such product candidates or research programs;
- Collaborators may infringe, misappropriate or otherwise violate the intellectual property rights of third parties, which may expose us to litigation and potential liability;
- Collaborators may fail to comply with applicable laws, rules or regulations when performing services for us, which may expose us to legal proceedings and potential liability;
- Collaborations may be terminated for convenience by the collaborator and, if terminated, we may suffer from negative publicity and we may find it more difficult to attract new collaborators. For example, at any point in the research and development process, subject to certain conditions, Amgen can terminate our research collaboration and license agreement in its entirety or with respect to a specific development program; and
- The outbreak of COVID-19 may cause us to fail to meet contractually obligated deadlines with our collaboration partners or otherwise strain our relationships with current collaborators or other business partners.

If we enter into collaborations to develop and potentially commercialize any product candidates, we may not be able to realize the benefit of such transactions if we or our collaborator elects not to exercise the rights granted under the agreement or if we or our collaborator are unable to successfully integrate a product candidate into existing operations and company culture. In addition, if our agreement with any of our collaborators terminates, our access to technology and intellectual property licensed to us by that collaborator may be restricted or terminate entirely, which may delay our continued development of our product candidates utilizing the collaborator's technology or intellectual property or require us to stop development of such product candidates completely. We may also find it more difficult to find a suitable replacement collaborator or attract new collaborators, and our development programs may be delayed or the perception of us in the business and financial communities could be adversely affected. All of the risks relating to product development, regulatory approval and commercialization described in this Annual Report also apply to the activities of any of our future program collaborators.

Exclusivity and other governance provisions within our research collaboration and license agreement with Amgen may prevent us from pursuing certain alternative product candidates and exercising complete control over our product candidates' development.

During certain periods under our research collaboration and license agreement with Amgen, we may not, alone or with a third party, research, develop, manufacture or commercialize certain products primarily interacting with the targets of the applicable collaboration programs. Further, our collaboration with Amgen is governed by a joint research committee, or JRC, made up of equal representatives of us and Amgen. The JRC may establish additional subcommittees to oversee particular projects or activities. Subject to limitations specified in the agreement, if the JRC is unable to make a decision by consensus, the disagreement is to be resolved through escalation to specified senior executive officers of the parties, although Amgen has the final decision-making ability with respect to certain specified issues. These exclusivity and governance provisions may inhibit our development efforts and could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not be able to secure and maintain research institutions to conduct our clinical trials.

We rely on research institutions to conduct our clinical trials. Specifically, the limited number of centers experienced with pharmaceutical product candidates heightens our dependence on such research institutions. Our reliance upon research institutions, including hospitals and clinics, provides us with less control over the timing and cost of clinical trials and the ability to recruit subjects. If we are unable to reach agreements with suitable research institutions on acceptable terms, if any resulting agreement is terminated, if research institutions are closed down by public authorities for reasons outside of our control, such as during the current COVID-19 outbreak, or if we cannot fulfill contractual commitments due to the impact of COVID-19, we may be unable to quickly replace the research institution with another qualified institution on acceptable terms. Furthermore, we may not be able to secure and maintain suitable research institutions to conduct our clinical trials.

Independent clinical investigators and CROs that we engage to conduct our clinical trials may not devote sufficient time or attention to our clinical trials or be able to repeat their past success.

We expect to continue to depend on independent clinical investigators and CROs to conduct our clinical trials. CROs may also assist us in the collection and analysis of data. There is a limited number of third-party service providers that specialize or have the expertise required to achieve our business objectives. Identifying, qualifying and managing performance of third-party service providers can be difficult, time consuming and cause delays in our development programs. These investigators and CROs will not be our employees and we will not be able to control, other than by contract, the amount of resources, including time, which they devote to our product candidates and clinical trials. If independent investigators or CROs fail to devote sufficient resources to the development of our product candidates, or if their performance is substandard, it may delay or compromise the prospects for approval and commercialization of any product candidates that we develop. In addition, the use of third-party service providers requires us to disclose our proprietary information to these parties, which could increase the risk that this information will be misappropriated. Further, the FDA and other regulatory authorities require that we comply with standards, commonly referred to as Good Clinical Practice, or GCP, requirements for conducting, recording and reporting clinical trials to assure that data and reported results are credible and accurate and that the rights, integrity and confidentiality of trial subjects are protected. Regulatory authorities enforce these GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA, EMA or comparable regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations. Our failure to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process. Failure of clinical investigators or CROs to meet their obligations to us or comply with GCP procedures could adversely affect the clinical development of our product candidates and harm our business.

If the third parties or consultants that assist us in conducting our clinical trials do not perform their contractual duties or obligations, experience work stoppages, do not meet expected deadlines, terminate their agreements with us or need to be replaced, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our clinical trial protocols or GCPs, or for any other reason, we may need to conduct additional clinical trials or enter into new arrangements with alternative third parties, which could be difficult, costly or impossible, and our clinical trials may be extended, delayed or terminated or may need to be repeated. If any of the foregoing were to occur, we may not be able to obtain, or may be delayed in obtaining, regulatory approval for the product candidates being tested in such trials, and will not be able to, or may be delayed in our efforts to, successfully commercialize these product candidates.

We contract with third parties for the supply of materials used in drug formulation for clinical testing and expect to contract with third parties for the manufacturing of our product candidates for large-scale testing. This reliance on third parties increases the risk that we will not have sufficient quantities of our product candidates or products or such quantities at an acceptable cost, which could delay, prevent or impair our development or commercialization efforts.

We anticipate continuing our engagement of third parties to provide our clinical supply as we advance our product candidates into and through clinical development. We expect in the future to use third parties for the manufacture of our product candidates for clinical testing, as well as for commercial manufacture. We plan to enter into long-term supply agreements with several manufacturers for commercial supplies. We may be unable to reach agreement on satisfactory terms with contract manufacturers to manufacture our product candidates. Additionally, the facilities to manufacture our product candidates must be the subject of a satisfactory inspection before the FDA, the EMA or other regulatory authorities approve an NDA or grant a marketing authorization for the product candidate manufactured at that facility. We will depend on these third-party manufacturers for compliance with the FDA's and EMA's requirements for the manufacture of our finished products. We do not control the manufacturing process of, and are completely dependent on, our contract manufacturers for compliance with cGMPs. If our manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA, European Commission and other regulatory authorities' cGMP requirements, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved, and may subject us to recalls or enforcement action for products already on the market.

Our failure or the failure of our third party subcontractors and suppliers to comply with applicable regulations could result in sanctions being imposed on us, including fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of products, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect supplies of our product candidates that we may develop.

Reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured the product candidates ourselves, including:

- the possibility of a breach of the manufacturing agreements by the third parties because of factors beyond our control;
- the possibility that the supply is inadequate or delayed;
- the risk that the third party may enter the field and seek to compete and may no longer be willing to continue supplying;
- the possibility of termination or nonrenewal of the agreements by the third parties before we are able to arrange for a qualified replacement third-party manufacturer; and
- the possibility that we may not be able to secure a manufacturer or manufacturing capacity in a timely manner and on satisfactory terms in order to meet our manufacturing needs.

Any of these factors could cause the delay of approval or commercialization of our product candidates, cause us to incur higher costs or prevent us from commercializing our product candidates successfully. Furthermore, if any of our product candidates are approved and contract manufacturers fail to deliver the required commercial quantities of finished product on a timely basis and at commercially reasonable prices, and we are unable to find one or more replacement manufacturers capable of production at a substantially equivalent cost, in substantially equivalent volumes and quality and on a timely basis, we would likely be unable to meet demand for our products and could lose potential revenue. It may take several years to establish an alternative source of supply for our product candidates and to have any such new source approved by the FDA, the EMA or any other relevant regulatory authorities.

Risks Related to Our Intellectual Property

If we fail to establish, maintain, defend and enforce intellectual property rights with respect to our technology, our business, prospects, financial condition and results of operations may be materially adversely affected.

Our success depends in large part on our ability to obtain and maintain protection with respect to our intellectual property and proprietary technology. Our product candidates utilize our proprietary technology relating to the oral delivery of large molecules for the treatment of certain conditions with oral PTH. We seek to protect our proprietary position by filing patent applications in the United States and certain foreign jurisdictions relating to our product candidates and technologies that are important to our business. This process is expensive, complex and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we will fail to identify patentable aspects of our research and development output before it is too late to obtain patent protection. If we do not adequately obtain, maintain, protect and enforce our proprietary rights in our technologies, competitors may be able to use our technologies and erode or negate any competitive advantage we may have, which could have a material adverse effect on our business and our ability to achieve profitability.

We have limited patent protection with respect to our product candidates and technologies. We have been issued a patent that contains claims directed to compositions comprising a protein, an absorption enhancer and a protease inhibitor, as well as methods for oral administration of a protein with an enzymatic activity in each of the United States, Australia, Canada, Japan, New Zealand, China, Israel and Russia. Related patent applications are pending in the United States, the EU, Hong Kong, Brazil, China and India. We have also filed six patent applications in various jurisdictions that currently contain claims directed to oral administration technologies, including compositions and drug delivery devices utilizing an absorption enhancer and methods of treating osteoporosis, hypoparathyroidism and bone fractures and related conditions with orally administered parathyroid hormone. We cannot be certain that patents will be issued or granted with respect to any of our pending or future patent applications, or that issued or granted patents will not later be found to be invalid or unenforceable. The patent position of pharmaceutical companies is generally uncertain because it involves complex legal and factual considerations. The standards applied by the United States Patent and Trademark Office, or USPTO, and foreign patent offices in granting patents are not always applied uniformly or predictably, and can change. For example, there is no uniform worldwide policy regarding patentable subject matter or the scope of claims allowable in pharmaceutical or biotechnology patents. Even if our pending patent applications issue as patents, such patents may not cover our product candidates in the United States or in other countries. Accordingly, we cannot predict whether additional patents protecting our technology will issue in the United States or in non-U.S. jurisdictions, or whether any patents that do issue will have claims of adequate scope to provide us with a competitive advantage.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our patents may be challenged in the courts or patent offices in the United States and abroad. Such challenges may result in loss of exclusivity or in patent claims being narrowed, invalidated or held unenforceable, which could limit our ability to stop others from using or commercializing technology and products similar or identical to ours, or limit the duration of the patent protection covering our technology and product candidates. In addition, patents have a limited lifespan. In the United States and most foreign jurisdictions, the natural expiration of a patent is generally 20 years after its effective filing date. Various extensions may be available; however, the life of a patent and the protection it affords is limited. For example, the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, permits a patent term extension of up to five years beyond the expiration date of a U.S. patent as partial compensation for the useful patent term lost, if any, during the FDA regulatory review process. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of the product's approval by the FDA, only one patent applicable to an approved drug is eligible for the extension, and only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. We may not be granted an extension because we may fail to satisfy applicable requirements and even if we are granted an extension, the applicable time period or the scope of patent protection afforded could be less than we request. In addition, if we encounter delays in obtaining regulatory approvals, the period of time during which we could market a product under patent protection could be reduced. Even if patents covering our product candidates are obtained, once such patents expire, we may be vulnerable to competition from similar or generic products. Given the amount of time required for the development, testing and regulatory

review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, we cannot provide any assurance that any of our issued patents or any patents that may be issued to us in the future will provide sufficient protections for our technology or product candidates, in whole or in part, or will effectively prevent competitors from commercializing similar or identical technologies and products.

Our issued patents may not be sufficient to provide us with a competitive advantage. For example, competitors and other third parties may be able to circumvent our patents by developing similar or alternative technologies or products in a non-infringing manner. We may also grant licenses under our intellectual property that may limit our ability to exploit such intellectual property. For example, we are party to a patent transfer agreement with Oramed Ltd., or the Patent Transfer Agreement, pursuant to which we have granted Oramed Ltd. an exclusive, worldwide, royalty-free, irrevocable and perpetual license, with the right to sublicense, under certain of our patent rights to develop, manufacture and commercialize covered products or otherwise exploit such patent rights in the fields of diabetes and influenza and we have agreed not to, directly or indirectly, engage in any activities within the fields of diabetes and influenza. Even if such agreement were to be terminated, Oramed Ltd. would retain its exclusive license under such patent rights.

In the future, we may enter into additional collaborative agreements or license agreements with third parties which may subject us to obligations that must be fulfilled and require us to manage complex relationships with third parties. If we are unable to meet our obligations or manage our relationships with our collaborators under these agreements, our revenue may decrease. From the standpoint of our future strategic collaborators, the strength of the intellectual property under which we may grant licenses can be a determinant of the value of these relationships. If we are unable to secure, protect and enforce our intellectual property, it may become more difficult for us to attract strategic collaborators. The loss or diminution of our intellectual property rights could also result in a decision by future third-party collaborators to terminate their agreements with us. In addition, these agreements may be complex and may contain provisions that could give rise to legal disputes, including potential disputes concerning financial obligations or ownership of intellectual property and data under such agreements. Such disputes can lead to lengthy, expensive litigation or arbitration, requiring us to divert management time and resources to such dispute. Any such development could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may become involved in proceedings to protect or enforce our proprietary rights, which could be expensive and time consuming, and may ultimately be unsuccessful.

Competitors or other third parties may infringe or otherwise violate our patents, trademarks, copyrights or other intellectual property rights. To counter infringement or other violations, we may be required to file claims, which can be expensive and time consuming. Any such claims could provoke these parties to assert counterclaims against us, including claims alleging that we infringe their patents or other intellectual property rights. In addition, in a patent infringement proceeding, a court may decide that one or more of the patents we assert is invalid or unenforceable, in whole or in part, construe the patent's claims narrowly or refuse to prevent the other party from using the technology at issue on the grounds that our patents do not cover the technology. In any intellectual property litigation, even if we are successful, any award of monetary damages or other remedy we receive may not be commercially valuable. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. Third parties may also raise challenges to the validity of our patent claims before administrative bodies in the United States or abroad, even outside the context of litigation. Such mechanisms include re-examination, post-grant review and *inter partes* review proceedings and equivalent proceedings in foreign jurisdictions such as opposition proceedings. If third parties have prepared and filed patent applications in the United States that also claim technology to which we have rights, we may have to participate in interference proceedings in the USPTO, to determine priority of invention for patent applications filed before March 16, 2013, or in derivation proceedings to determine inventorship for patent applications filed after such date. Such proceedings could result in the revocation of, cancellation of, or amendment to our patents in such a way that they no longer cover our product candidates or provide us with any competitive advantage.

In addition, we may be subject to third-party challenges regarding our exclusive ownership of our intellectual property. If a third party were successful in challenging our exclusive ownership of any of our intellectual property, we may lose our right to use such intellectual property, such third party may be able to license such intellectual property to other third parties, including our competitors, and third parties could market competing products and technology.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or other proceedings, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation or proceedings. In addition, during the course of this kind of litigation or proceedings, there could be public announcements of the results of hearings, motions or other interim proceedings or developments or public access to related documents. If investors perceive these results to be negative, the market price for our Ordinary Shares could be significantly harmed.

Emisphere has notified us that it believes that, among other things, it is the exclusive owner of certain U.S. and related foreign patents and patent applications we acquired from Oramed Ltd. If Emisphere were to initiate a legal proceeding against us regarding its claim of ownership, we would vigorously defend against such claim. However, if Emisphere is ultimately successful in obtaining ownership of the patent rights that are the subject of its claim, then we may lose our ability to enforce such patent rights against any third party infringers. Moreover, if Emisphere is ultimately successful in obtaining ownership of such patent rights and could successfully demonstrate that, absent a license from Emisphere, our product candidates, including EB612, or technologies infringe such patent rights, then we would be required to redesign our product candidates or technologies so they are no longer infringing or obtain a license from Emisphere to such patent rights, which may not be available on commercially reasonable terms or at all. Even if we are successful in defending against Emisphere's claim, litigation could result in substantial costs and be a distraction to management. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

Our commercial success depends significantly on our ability to operate without infringing the patents and other proprietary rights of third parties. We may face claims that we are violating the intellectual property rights of others.

Our success will depend in part on our ability to operate without infringing the proprietary rights of third parties. Other entities may have or obtain patents or other proprietary rights that could limit our ability to make, use, sell, offer for sale or import our product candidates and future approved products or impair our competitive position. We may face claims, including from direct competitors, asserting that the commercial use of our technology infringes or otherwise violates the intellectual property rights of others. We cannot be certain that our technologies and processes do not violate the intellectual property rights of others. Third parties may assert infringement claims against us based on existing or future intellectual property rights. We expect that we may increasingly be subject to such claims as our product candidates approach commercialization, and as we gain greater visibility as a public company. We may not be aware of all such intellectual property rights potentially relating to our product candidates and their uses. Thus, we do not know with certainty that our oral PTH (1-34) tablet or any other product candidate, or our commercialization thereof, does not and will not infringe or otherwise violate any third party's intellectual property.

If we were found to infringe or otherwise violate the intellectual property rights of others, we could face significant costs to implement work-arounds, and we cannot provide any assurance that any such work-around would be available or technically equivalent to our current technology. In such cases, we might need to license a third party's intellectual property, and such required licenses might not be available on acceptable terms, or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors access to the same technologies licensed to us and could require us to make substantial licensing and royalty payments. We could be forced, including by court order, to cease commercializing the infringing technology or product. In addition, we could be found liable for monetary damages, including treble damages and attorneys' fees if we are found to have willfully infringed a patent or other intellectual property right. A finding of infringement could prevent us from commercializing our product candidates or force us to cease some of our business operations, which could materially harm our business. Claims that we have misappropriated the confidential information or trade secrets of third parties could expose us to similar liabilities and have a similar negative impact on our business.

The pharmaceutical and biotechnology industries have produced a significant number of patents, and it may not always be clear to industry participants, including us, which patents cover various types of products or methods of use. The coverage of patents is subject to interpretation by the courts, and the interpretation is not always uniform or predictable. There is a substantial amount of litigation involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries generally, and these lawsuits can be very time consuming and costly. If we are sued for patent infringement, we would need to demonstrate that our products or methods either do not infringe the patent claims of the relevant patent or that the patent claims are invalid, and we may not be successful in doing so. Proving invalidity is difficult. For example, in the United States, proving invalidity requires a showing of clear and convincing evidence to overcome the presumption of validity enjoyed by issued patents. Even if we are successful in these proceedings, we may incur substantial costs and divert management's time and attention in defending these proceedings, which could have a material adverse effect on our business.

Also, to the extent that our agreements provide that we will defend and indemnify our suppliers, service providers, future strategic collaborators or any other party for claims against them relating to any alleged infringement of the intellectual property rights of third parties in connection with such suppliers', service providers', strategic collaborators' or other parties' use of our technologies, we may incur substantial costs defending and indemnifying such parties to the extent they are subject to these types of claims. Any claims brought against us, any suppliers, service providers, future strategic collaborators or any other party indemnified by us alleging that we have violated the intellectual property of others could have a material adverse effect on our business, prospects, financial condition and results of operations.

We may not be able to protect and enforce our intellectual property rights throughout the world.

We currently have limited patent protection for our product candidates and technologies, and filing, prosecuting, maintaining and defending patents on product candidates in all countries throughout the world would be prohibitively expensive. In addition, we may not pursue or obtain patent protection in all major markets. In addition, the legal systems of some countries, particularly developing countries, do not favor the enforcement of patents and other intellectual property protection, especially those relating to life sciences. This could make it difficult for us to stop the infringement of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to certain third parties. Furthermore, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit.

Competitors may use our technologies in jurisdictions where we have not obtained or are unable to adequately enforce patent protection to develop or commercialize their own products. These products may compete with our future products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing. Proceedings to enforce our patent rights in such jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, put our patent applications at risk of not issuing and provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and to enforce our intellectual property.

Changes in U.S. patent law could diminish the value of our future patents, if issued, thereby impairing our ability to protect our product candidates.

As is the case with other pharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the pharmaceutical industry involve both technological and legal complexity. Therefore, obtaining and enforcing pharmaceutical patents is costly, time-consuming and inherently uncertain. In addition, the United States has recently enacted wide-ranging patent reform legislation, which includes provisions that affect the way patent applications are prosecuted, redefine prior art, may affect patent litigation, and switch the U.S. patent system from a "first to invent" system to a "first inventor to file" system. It is not clear what, if any, impact such legislation will have on the operation of our business. Additionally, the United States Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. In addition to increasing uncertainty with regard to our ability to obtain patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that could increase the uncertainties and costs surrounding the prosecution of our patent applications and the enforcement or defense of any U.S. patents that may issue to us in the future, all of which could have a material adverse effect on our business and financial condition.

Intellectual property litigation may lead to unfavorable publicity that harms our reputation and causes the market price of our Ordinary Shares to decline.

During the course of any intellectual property litigation, there could be public announcements of the results of hearings, rulings on motions, and other interim proceedings. If securities analysts or investors regard these announcements as negative, the perceived value of our product candidates or future products, services or intellectual property could be diminished and the market price of our Ordinary Shares may decline as a result. Furthermore, such negative publicity could severely impair our capability to enter into future agreements with key commercial collaborators.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by government patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

Periodic maintenance fees, renewal fees, annuity fees and various other government fees on patents and/or applications will be due to be paid to the USPTO and various government patent agencies outside of the United States over the lifetime of our owned patents and/or applications and any patent rights we may own or license in the future. The USPTO and various non-U.S. government patent agencies require compliance with several procedural, documentary, fee payment and other similar provisions during the patent application process. In many cases, an inadvertent lapse can be cured by payment of a late fee or by other means in accordance with the applicable rules. There are situations, however, in which non-compliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. In such an event, potential competitors might be able to enter the market and this circumstance could have a material adverse effect on our business.

Under applicable employment laws, we may not be able to enforce covenants not to compete and therefore may be unable to prevent our competitors from benefiting from the expertise of some of our former employees. In addition, our Israeli employees may be entitled to seek compensation for their inventions irrespective of their contractual agreements with us.

Our agreements with our employees and key consultants generally include non-competition provisions. These provisions prohibit such employees and key consultants, if they cease working for us, from competing directly with us or working for our competitors or clients for a limited period of time. We may be unable to enforce these provisions under the laws of the jurisdictions in which our employees and consultants work and it may be difficult for us to restrict our competitors from benefitting from the expertise our former employees or consultants developed while working for us. For example, Israeli courts have required employers seeking to enforce non-compete undertakings of a former employee to demonstrate that the competitive activities of the former employee will harm one of a limited number of material interests of the employer which have been recognized by the courts, such as the secrecy of a company's confidential commercial information or the protection of its intellectual property. If we cannot demonstrate that such interests will be harmed, we may be unable to prevent our competitors from benefiting from the expertise of our former employees or consultants and our ability to remain competitive may be diminished. In addition, a significant portion of our intellectual property has been developed by our employees and consultants in the course of their employment or consulting relationship with us. Under the Israeli Patent Law, 5727-1967, inventions conceived by an employee or consultant during the scope of his or her employment or consulting relationship with a company are regarded as "service inventions." Even when our agreements with our employees and consultants include provisions regarding the assignment and waiver of rights to additional compensation in respect of inventions created within the course of their employment or consulting relationship with us, including in respect of service inventions, we cannot guarantee that such provisions will be upheld by Israeli courts, as a result of uncertainty under Israeli law with respect to the efficacy of such provisions. If we are required to pay additional compensation or face disputes relating to service inventions, our results of operations could be adversely affected.

We may not be able to protect the confidentiality of our technology, which, if disseminated, could negatively impact our plan of operations.

In addition to seeking patent protection, we also rely on trade secret protection and confidentiality agreements to protect proprietary know-how that may not be patentable, processes for which patents may be difficult to obtain and/or enforce, and other elements of our technology. Any disclosure to or misappropriation by third parties of our confidential proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, which would harm our competitive position. While we strive to maintain systems and procedures to protect the confidentiality of our trade secrets and technical know-how, these systems and procedures may fail to provide an adequate degree of protection. For example, although we generally enter into agreements with our employees, consultants, advisors, and other collaborators restricting the disclosure and use of trade secrets, technical know-how and confidential information, we cannot provide any assurance that these agreements will be sufficient to prevent unauthorized use or disclosure of our trade secrets and technical know-how, that these agreements will not be breached or that we have executed agreements with all parties who may have had access to our proprietary information. We may not have adequate remedies in the case of a breach of any such agreements, and our competitors or others may independently develop substantially equivalent or superior proprietary information and techniques or otherwise gain access to our trade secrets or know-how. Monitoring and policing unauthorized use and disclosure of intellectual property is difficult. Further, the laws of certain foreign countries do not protect proprietary rights to the same extent or in the same manner as the laws of the United States. As a result, we may encounter significant problems in protecting and defending our intellectual property both in the United States and abroad. If we are unable to prevent material disclosure of the intellectual property related to our technologies to third parties, or if our competitors or other third parties independently develop any of our trade secrets, we will not be able to establish or maintain a competitive advantage in our market, which could materially adversely affect our business, results of operations and financial condition.

We currently have relationships with different consultants who perform research and development activities for us and who are not employed by us, and we may enter into additional relationships of such nature in the future. We have limited control over the activities of these consultants and can expect only limited amounts of their time to be dedicated to our activities. These persons may have consulting, employment or advisory arrangements with other entities that may conflict with or compete with their obligations to us. We typically require our consultants to sign agreements that require such consultants to treat our proprietary information and results of studies as confidential. However, in connection with each such relationship, we may not be able to maintain the confidentiality of our technology, the dissemination of which could hurt our competitive position and results of operations. To the extent that our scientific consultants develop inventions or processes independently that may be applicable to our product candidates, disputes may arise as to the ownership of the proprietary rights to such information, and we may expend significant resources in such disputes and we may not win those disputes.

We may be subject to claims by third parties asserting that we or our employees, consultants or contractors have misappropriated their intellectual property, or claiming ownership of what we regard as our own intellectual property.

Certain of our employees, consultants and contractors were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although we try to ensure that our employees, consultants and contractors do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees, consultants or contractors have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's, consultant's or contractor's former employer. Litigation may be necessary to defend against these claims and, even if we are successful in defending ourselves, could result in substantial costs to us or be distracting to our management. If we do not succeed with respect to any such claims, in addition to paying monetary damages and possible ongoing royalties, we may lose valuable intellectual property rights or personnel. For example, as described above, Emisphere has notified us that it believes that, among other things, it is the exclusive owner of certain U.S. and related foreign patents and patent applications we acquired from Oramed Ltd. If Emisphere were to initiate a legal proceeding against us regarding its claim of ownership, we would vigorously defend against such claim. However, if Emisphere is ultimately successful in obtaining ownership of the patent rights that are the subject of its claim, then we may lose our ability to enforce such patent rights against any third party infringers. Moreover, if Emisphere is ultimately successful in obtaining ownership of such patent rights and could successfully demonstrate that, absent a license from Emisphere, our product candidates, including EB612, or technologies infringe such patent rights, then we would be required to redesign our product candidates or technologies so they are no longer infringing or obtain a license from Emisphere to such patent rights, which may not be available on commercially reasonable terms or at all. Even if we are successful in defending against Emisphere's claim, litigation could result in substantial costs and be a distraction to management. Any of the foregoing could have a material adverse effect on our competitive position, business, financial conditions, results of operations, and prospects.

In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own. Further, such assignment agreements may not be self-executing, may be insufficient in scope or may be breached, and we may be forced to bring claims against third parties, or defend claims they may bring against us, to determine the ownership of what we regard as our intellectual property.

If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to management.

If trademarks and trade names related to our product candidates are not adequately protected, then we may not be able to build name recognition in our markets of interest and our business may be adversely affected.

We do not currently own or use any registered trademarks for our product candidates. In the future, our registered or unregistered trademarks or trade names may be challenged, infringed, circumvented or declared generic or determined to be infringing on other marks. We may not be able to protect our rights to these trademarks and trade names, which we need to build name recognition by potential collaborators or customers in our markets of interest. Any unauthorized use of these trademarks could harm our reputation or commercial interests. In addition, our enforcement against third-party infringers or violators may be unduly expensive and time-consuming, and the outcome may be an inadequate remedy. Over the long term, if we are unable to establish name recognition based on our trademarks and trade names, then we may not be able to compete effectively and our business may be adversely affected.

Risks Related to Our Ordinary Shares and IPO Warrants

The price of our Ordinary Shares and IPO Warrants may be volatile, and holders of our Ordinary Shares and IPO Warrants could lose all or part of their investment

The price of securities for publicly traded emerging biopharmaceutical and drug discovery and development companies has been highly volatile and is likely to remain highly volatile in the future. The market price of our Ordinary Shares and IPO Warrants on Nasdaq may fluctuate as a result of a number of factors, some of which are beyond our control, including, but not limited to:

- our clinical trial results and the timing of the release of such results;
- the amount of our cash resources and our ability to obtain additional funding;
- the announcement of research activities, business developments, technological innovations or new products, or acquisitions or expansion plans by us or our competitors;
- the success or failure of our research and development projects or those of our competitors;
- our entering into or terminating strategic relationships;
- changes in laws or government regulation;
- actual or anticipated fluctuations in our and our competitors' results of operations and financial condition;
- regulatory developments and the decisions of regulatory authorities as to the approval or rejection of new or modified products;
- the departure of our key personnel;
- disputes related to intellectual property and proprietary rights, including patents, litigation matters and our ability to obtain intellectual property protection for our technologies;
- our sale, or the sale by our significant shareholders, of Ordinary Shares, IPO Warrants or other securities in the future;
- public concern regarding the safety, efficacy or other aspects of the products or methodologies we are developing;
- market conditions in our industry and changes in estimates of the future size and growth rate of our markets;
- market acceptance of our products;
- the mix of products that we sell and related services that we provide;
- the success or failure of our licensees to develop, obtain approval for and commercialize our licensed products, for which we are entitled to contingent payments and royalties;
- the publication of the results of preclinical or clinical trials for EB613, EB612 or any other product candidates we may develop, including a new Oral GLP-2 analog research program;
- the failure by us to achieve a publicly announced milestone;
- delays between our expenditures to develop and market new or enhanced products and the generation of sales from those products;

- changes in the amounts that we spend to develop, acquire or license new products, technologies or businesses;
- changes in our expenditures to promote our products;
- variances in our financial performance from the expectations of market analysts;
- the limited trading volume of our Ordinary Shares and IPO Warrants; and
- general economic and market conditions, including factors unrelated to our industry or operating performance.

In addition, the stock market in general has recently experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of individual companies. Broad market and industry factors may materially affect the market price of companies' stock, including ours, regardless of actual operating performance.

We do not know whether a market for our Ordinary Shares or IPO Warrants will be sustained and as a result, it may be difficult for holders of our Ordinary Shares to sell their shares.

Although our Ordinary Shares and IPO Warrants are listed on Nasdaq, an active trading market for our Ordinary Shares and IPO Warrants may not be sustained. The lack of an active market may impair the ability of holders of our Ordinary Shares or IPO Warrants to sell their Ordinary Shares or IPO Warrants at the time they wish to sell them or at a price that they consider reasonable. The lack of an active market may also reduce the value of our Ordinary Shares or IPO Warrants, and may cause the trading price of our Ordinary Shares or IPO Warrants to be more volatile. An inactive market may also impair our ability to raise capital by selling Ordinary Shares or IPO Warrants and may impair our ability to acquire other companies by using our Ordinary Shares or IPO Warrants as consideration**.**

Our stock price may continue to be volatile, and securities class action litigation has often been instituted against companies following periods of volatility of their stock price. Any such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

In the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. Although there is no such shareholder litigation currently pending or threatened against the Company, such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

The IPO Warrants are speculative in nature and are a risky investment. You may not be able to recover your investment in the IPO Warrants, and the IPO Warrants may expire worthless.

The value of the IPO Warrants will depend on the value of our Ordinary Shares, which will depend on factors related and unrelated to the success of our clinical development program or other factors as detailed above and cannot be predicted at this time.

If the price per share of our Ordinary Shares does not increase to an amount sufficiently above the applicable exercise price of the IPO Warrants during the period the IPO Warrants are exercisable, and if a public market for our IPO Warrants does not develop, the IPO Warrants may not have any value, and you may be unable to recover any or all of your investment in the IPO Warrants. There can be no assurance that the market price of the Ordinary Shares will ever equal or exceed the exercise price of the IPO Warrants, and consequently, whether it will ever be profitable for holders of the IPO Warrants to exercise the IPO Warrants.

Holders of the IPO Warrants will have no rights as shareholders until they acquire our Ordinary Shares.

Until you acquire our Ordinary Shares upon exercise of the IPO Warrants, you will have no rights with respect to our Ordinary Shares issuable upon exercise of the IPO Warrants, except as set forth in the IPO Warrants. Upon exercise of your IPO Warrants, you will be entitled to exercise the rights of a shareholder only as to matters for which the record date occurs on or after the exercise date, unless the IPO Warrants are settled via "cashless exercise" in which case you will be entitled to exercise such rights only after the end of the relevant calculation period as defined in our Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on June 27, 2018, under "Description of IPO Warrants - Exercisability, Exercise Price and Term."

Future sales by our shareholders may adversely affect our stock price and our ability to raise funds in new stock offerings.

Sales of our Ordinary Shares or IPO Warrants in the public market could lower the market price of our Ordinary Shares or IPO Warrants. Sales may also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that our management deems acceptable or at all. Most of our outstanding Ordinary Shares and IPO Warrants are not restricted from resale. In the event of a sale of Ordinary Shares or IPO Warrants offered by selling shareholders, the price of our Ordinary Shares or IPO Warrants could decline, and such decline could be material.

The significant share ownership position of D.N.A Biomedical Solutions Ltd. that beneficially owns approximately 15.14% of our Ordinary Shares may significantly influence the outcome of matters requiring shareholder approval.

D.N.A Biomedical Solutions Ltd. ("D.N.A Biomedical"), beneficially owns approximately 15.14% of our outstanding shares, as of March 16, 2021. Accordingly, D.N.A Biomedical may be able to influence matters requiring shareholder approval, including the election of directors and approval of significant corporate transactions, which could have the effect of delaying or preventing either a third party from acquiring control over us or engaging in other purchases of our Ordinary Shares that might otherwise give our shareholders the opportunity to realize a premium over the then-prevailing market price for our Ordinary Shares or any changes, or from making any changes to our management or board of directors. D.N.A Biomedical could also sell its stake in our company and effectively transfer a significant stake of our company to another party without your consent. D.N.A Biomedical's interests may not be consistent with those of our other shareholders. In addition, this significant interest in us may discourage third parties from seeking to acquire control of us, which may adversely affect the market price of our Ordinary Shares.

The market price of our Ordinary Shares and IPO Warrants could be negatively affected by future sales of our securities.

If our shareholders, particularly our directors or our executive officers and their affiliates, that in aggregate, beneficially own approximately 18.17% of our Ordinary Shares as of March 16, 2021, sell substantial amounts of our Ordinary Shares or IPO Warrants in the public market, or if there is a public perception that these sales may occur in the future, the market price of our Ordinary Shares or IPO Warrants may decline. The perception in the public market that our shareholders might sell our Ordinary Shares or IPO Warrants could also depress the market price of our Ordinary Shares or IPO Warrants and could impair our future ability to obtain capital, especially through an offering of equity securities. In addition, our sale of additional Ordinary Shares or IPO Warrants or other similar securities in order to raise capital might have a similar negative impact on the share price of our Ordinary Shares or IPO Warrants. A decline in the price of our Ordinary Shares may impede our ability to raise capital through the issuance of additional Ordinary Shares, IPO Warrants or other equity securities, and may cause holders of our Ordinary Shares or IPO Warrants to lose part or all of their investment.

We have never paid, and we currently do not intend to pay dividends.

We have never declared or paid any cash dividends on our Ordinary Shares. We currently intend to retain any future earnings to finance operations and to expand our business and, therefore, do not expect to pay any cash dividends in the foreseeable future. As a result, capital appreciation, if any, of our Ordinary Shares will be investors' sole source of gain for the foreseeable future. In addition, Israeli law may limit our declaration or payment of dividends, and may subject our dividends to Israeli withholding taxes.

We are currently a foreign private issuer and, as a result, we are not subject to U.S. proxy rules and are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

We report under the Exchange Act as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act, (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. We are, however, making available to our shareholders quarterly reports containing unaudited financial information for each of the first three quarters of each fiscal year. In addition, foreign private issuers are not required to file their annual report on Form 20-F until four months after the end of each fiscal year, while U.S. domestic issuers that are not accelerated filers are required to file their annual report on Form 10-K within 90 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, while we are generally filing public reports in accordance with U.S.

SEC regulations, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

As a foreign private issuer and as permitted by Nasdaq rules, we follow certain home country governance practices rather than the corporate governance requirements of Nasdaq.

As a foreign private issuer, we have the option to follow certain Israeli corporate governance practices rather than those of Nasdaq, except to the extent that such laws would be contrary to U.S. securities laws, and provided that we disclose the requirements we are not following and describe the home country practices we follow instead. We rely on this foreign private issuer exemption, or Foreign Private Issuer Exemption, with respect to Nasdaq shareholder approval requirements in respect of additional issuances of equity in either a public or private offering and equity-based compensation plans and the quorum requirement for meetings of our shareholders. In addition, we rely on the Foreign Private Issuer Exemption with respect to independent approval of board nominations, the requirement to have a majority of independent directors on our board, third party compensation of directors and director nominees and the requirement for independent directors to hold executive sessions. We may in the future, as long as we are considered a foreign private issuer, elect to follow home country practices in Israel with regard to other matters. As a result, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all Nasdaq corporate governance requirements.

We may lose our status as a foreign private issuer, which would increase our compliance costs and could thereby negatively impact our results of operations.

We may no longer be a foreign private issuer as of June 30, 2021, the end of our second fiscal quarter in our current fiscal year, which would require us to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers as of January 1, 2022. We will not maintain our current status as a foreign private issuer, if as of June 30, 2021(a) a majority of our Ordinary Shares is not either directly or indirectly owned of record by non-residents of the United States and (b) one of the following applies: (i) a majority of our executive officers or directors are United States citizens or residents, (ii) more than 50 percent of our assets are located in the United States or (iii) our business is administered principally inside the United States. The regulatory and compliance costs to us under U.S. securities laws as a U.S. domestic issuer may be significantly higher. If we are not a foreign private issuer, we will be required to file periodic reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer. We may also be required to modify certain of our policies to comply with governance practices associated with U.S. domestic issuers. Such modifications will involve additional costs. In addition, we may lose our ability to rely upon exemptions from certain corporate governance requirements on Nasdaq that are available to foreign private issuers. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors.

We may not have sufficient insurance to cover our liability in any current or future litigation claims either due to coverage limits or as a result of insurance carriers seeking to deny coverage of such claims.

We may face a variety of litigation-related liability risks. Our amended Articles of Association, or Articles, other applicable agreements and/or Israeli law may require us to indemnify (and advance expenses to) our current and past directors and officers and employees from reasonable expenses related to the defense of any action arising from their service to us, including circumstances under which indemnification is otherwise discretionary. While our directors and officers are included in a director and officer liability insurance policy, which covers all our directors and officers in some circumstances, our insurance coverage does not cover all of our indemnification obligations and may not be adequate to cover any indemnification or other claims against us. In addition, the underwriters of our present coverage may seek to avoid coverage in certain circumstances based upon the terms of the respective policies. If we incur liabilities that exceed our coverage under our directors and officers insurance policy or incur liabilities not covered by our insurance, we would have to self-fund any indemnification amounts owed to our directors and officers and employees in which case our results of operations and financial condition could be materially adversely affected. Further, if D&O insurance becomes prohibitively expensive to maintain in the future, we may be unable to renew such insurance on economic terms or unable renew such insurance at all. The lack of D&O insurance may make it difficult for us to retain and attract talented and skilled directors and officers to serve our company, which could adversely affect our business.

There is a risk that we may be a passive foreign investment company, for U.S. federal income tax purposes for any taxable year, which generally would result in certain adverse U.S. federal income tax consequences to our U.S. investors.

There is a risk that we may be treated as a passive foreign investment company, or PFIC, for any taxable year. Although the application of the PFIC rules to a company like us is subject to uncertainties in some respects, we believe that it is reasonable to take the position that we were not a PFIC for 2020, but there can be no assurance that the Internal Revenue Service will agree or that a court will uphold this position. For the reasons described below, we cannot express a view as to whether we will be a PFIC for the current or any future taxable year. In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income, or the income test, or (ii) 50% or more of the average value of its assets consists of assets (generally determined on a quarterly basis) that produce, or are held for the production of, passive income, or the assets test. Generally, passive income includes interest, dividends, rents, royalties and certain gains, and cash is generally a passive asset for PFIC purposes. The assets shown on our balance sheet consist, and are expected to continue to consist, primarily of cash and cash equivalents for the foreseeable future. Therefore, whether we will satisfy the assets test for the current or any future taxable year will depend largely on the quarterly value of our goodwill and on how quickly we utilize our cash in our business. Because (i) the value of our goodwill may be determined by reference to the market price of our Ordinary Shares, which has been, and may continue to be volatile given the nature and early stage of our business, (ii) we hold, and expect to continue to hold, a significant amount of cash, and (iii) a company's annual PFIC status can be determined only after the end of each taxable year, we cannot express a view as to whether we will be a PFIC for the current or any future taxable year. In addition, it is not clear how to apply the income test to a company like us, which is still developing its key intangible assets and whose overall losses from research activities significantly exceed the amount of its income (including passive income). If our losses from research and development activities are disregarded for purposes of the income test, we may be a PFIC for any taxable year if 75% or more of our gross income (as determined for U.S. federal income tax purposes) for the relevant year is from interest and financial investments. Because the revenue shown on our financial statements is not calculated based on U.S. tax principles, and because for any taxable year we may not have sufficient (or any) non-passive revenue, there is a risk that we may be or become a PFIC under the income test for any taxable year. If we were a PFIC for any taxable year during which a U.S. investor owned our Ordinary Shares (or under proposed Treasury regulations, IPO Warrants), such U.S. shareholder generally will be subject to certain adverse U.S. federal income tax consequences, including increased tax liability on gains from dispositions of the Ordinary Shares (or IPO Warrants) and certain distributions and a requirement to file annual reports with the Internal Revenue Service. See "Item 10.E.—Taxation—Material U.S. Federal Income Tax Considerations for U.S. Holders—Passive Foreign Investment Company Rules" for more information.

We are an Emerging Growth Company and we cannot be certain whether the reduced requirements applicable to Emerging Growth Companies will make our Ordinary Shares less attractive to investors.

We are an Emerging Growth Company, and we may take advantage of certain exemptions from various requirements that are applicable to other public companies that are not Emerging Growth Companies. For instance, for as long as we remain an Emerging Growth Company, we will not be subject to the provision of Section 404(b) of the Sarbanes-Oxley Act that requires our independent registered public accounting firm to provide an attestation report on the effectiveness of our internal control over financial reporting. This may increase the risk that we will fail to detect and remedy any weaknesses or deficiencies in our internal control over financial reporting. In general, these reduced reporting requirements may allow us to refrain from disclosing information that you may find important.

We can qualify as an Emerging Growth Company for up to five years, although circumstances could cause us to lose that status earlier, including, inter alia, if the market value of our Ordinary Shares held by non-affiliates exceeds $700 million as of any June 30 (the end of our second fiscal quarter), in which case we would no longer be an Emerging Growth Company as of the following December 31 (our fiscal year end). When we are no longer deemed to be an Emerging Growth Company, we will not be entitled to the exemptions provided in the JOBS Act. We cannot predict if investors will find our Ordinary Shares less attractive as a result of our reliance on exemptions under the JOBS Act. If some investors find our Ordinary Shares less attractive as a result, there may be a less active trading market for our Ordinary Shares and our share price may be more volatile.

Our ordinary shares may be delisted from the Nasdaq Capital Market if we are unable to maintain compliance with Nasdaq's continued listing standards.

Nasdaq imposes, among other requirements, continued listing standards including a minimum bid requirement. The price of our ordinary shares must trade at or above $1.00 to comply with the minimum bid requirement for continued listing on the Nasdaq Capital Market. If the closing bid price of our ordinary shares fails to meet Nasdaq's minimum closing bid price requirement for a period in excess of 30 consecutive days, or if we otherwise fail to meet any other applicable requirements of the Nasdaq Capital Market and we are unable to regain compliance, Nasdaq may make a determination to delist our ordinary shares. Any delisting of our ordinary shares would likely adversely affect the market liquidity and market price of our ordinary shares and our ability to obtain financing for the continuation of our operations or result in the loss of confidence by investors.

If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, shareholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common shares.

Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud among other objectives. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act of 2002, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also subject us to regulatory scrutiny and sanctions, impair our ability to raise revenue and cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common shares.

We are required to disclose changes made in our internal controls and procedures and our management is required to assess the effectiveness of these controls annually. However, for as long as we are an "emerging growth company" under the JOBS Act, our independent registered public accounting firm will not be required to attest to the effectiveness of our internal controls over financial reporting pursuant to Section 404. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation.

If securities or industry analysts do not publish research or reports or publish unfavorable research about our business, our share price and trading volume could decline.

The trading market for our Ordinary Shares depends in part on the research and reports that securities or industry analysts publish about us or our business. We do not have control over these analysts and we do not have commitments from them to write research reports about us. If securities or industry analysts do not commence coverage of our company, the trading price for our shares may be negatively affected. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who covers us downgrades our shares, our shares price would likely decline. If one or more of these analysts ceases to cover us or fails to publish regular reports on us, interest in the purchase of our shares could decrease, which could cause our share price or trading volume to decline.

Risks Relating to Our Incorporation and Location in Israel

The Israeli government grants we have received for research and development expenditures restrict our ability to manufacture products and transfer technologies outside of Israel and require us to satisfy specified conditions. If we fail to satisfy these conditions, we may be required to refund grants previously received together with interest and penalties or to pay other amounts according to the formulas set out in the relevant laws.

Our research and development efforts have been financed, in part, through the grants that we have received from the Israeli Innovation Authority (formerly known as the Office of Chief Scientist of the Israeli Ministry of Economy), or the IIA. Pursuant to these grants, we must comply with the requirements of the Encouragement of Industrial Research, Development and Technological Innovation in Industry Law 5744-1984 and the IIA regulations, or the Research Law. Until the grants are repaid with interest, royalties are payable to the IIA in the amount of 3% on revenues derived from sales of products or services developed in whole or in part using the IIA grants, including EB612, EB613 and any other oral PTH product candidates we may develop. The royalty rate may increase to 5%, with respect to approved applications filed following any year in which we achieve sales of over $70 million.

Under the Research Law, we are prohibited from manufacturing products developed using these grants outside of the State of Israel without special approvals. We may not receive the required approvals for any proposed transfer of manufacturing activities. Even if we do receive approval to manufacture products developed with government grants outside of Israel, the royalty rate may be increased and we may be required to pay up to three times the grant amounts and the interest, depending on the manufacturing volume that is performed outside of Israel. This restriction may impair our ability to outsource manufacturing or engage in our own manufacturing operations for those products or technologies. For additional information, see "Item 4.B.—Business Overview—The Israeli Innovation Authority Grant."

Additionally, under the Research Law, we are prohibited from transferring in any manner (including by way of license), the IIA-financed technologies and related rights (including know-how and other intellectual property rights) in or outside of the State of Israel, except under limited circumstances and only with the approval of the IIA. We may not receive the required approvals for any proposed transfer and, even if received, we may be required to pay the IIA a portion of the consideration that we receive upon any transfer of such technology to a non-Israeli entity up to 600% of the grant amounts and the interest. The scope of the IIA support received, the royalties that we have already paid to the IIA, the amount of time that has elapsed between the date on which the know-how or other intellectual property rights were transferred and the date on which the IIA grants were received and the sale price and the form of transaction will be taken into account in order to calculate the amount of the payment to the IIA. Approval to transfer the technology to residents of the State of Israel is also required, and may be granted in specific circumstances only if the recipient abides by the provisions of applicable laws, including the restrictions on the transfer of know-how and the obligation to pay royalties. No assurance can be made that approval to any such transfer, if requested, will be granted. Transfer of know-how or rights outside of the state of Israel without IIA approval is a criminal offense.

These restrictions may impair our ability to sell our technology assets or to perform or outsource manufacturing outside of Israel, engage in change of control transactions or otherwise transfer our know-how outside of Israel and may require us to obtain the approval of the IIA for certain actions and transactions and pay additional royalties and other amounts to the IIA. In addition, any change of control and any change of ownership of our Ordinary Shares that would make a non-Israeli citizen or resident an interested party, as defined in the Israeli Securities Law, 5728-1968, as amended, requires written notice to the IIA, and our failure to comply with this requirement could result in monetary fines. Such non-Israeli interested parties, which include 5% shareholders and shareholders who have the right to appoint a director to our board of directors, are required to sign an undertaking towards the IIA in which they would undertake to comply with the Research Law. Shareholders that purchase shares in an IPO would not be required to sign such an undertaking.

These restrictions will continue to apply even after we have repaid the full amount of the grants and the interest. If we fail to satisfy the conditions of the Research Law, we may be required to refund grants previously received together with interest and penalties, to make other payments to the IIA or become subject to criminal charges.

Security, political and economic instability in the Middle East may harm our business.

Our principal research and development facilities are located in Israel. In addition, part of our key employees, officers and directors are residents of Israel. Accordingly, political, economic and military conditions in the Middle East may affect our business directly. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its neighboring countries, Hamas (an Islamist militia and political group in the Gaza Strip) and Hezbollah (an Islamist militia and political group in Lebanon). Recent political uprisings, social unrest and violence in various countries in the Middle East, including Israel's neighbor Syria, are affecting the political stability of those countries. This instability may lead to deterioration of the political relationships that exist between Israel and certain countries and have raised concerns regarding security in the region and the potential for armed conflict. In addition, Iran has threatened to attack Israel. Iran is also believed to have a strong influence among the Syrian government, Hamas and Hezbollah. These situations may potentially escalate in the future into more violent events which may affect Israel and us. These situations, including conflicts which involved missile strikes against civilian targets in various parts of Israel have in the past negatively affected business conditions in Israel.

Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could have a material adverse effect on our business. Although such hostilities did not have a material adverse impact on our business in the past, we cannot guarantee that hostilities will not be renewed and have such an effect in the future. The political and security situation in Israel may result in parties with whom we have contracts claiming that they are not obligated to perform their commitments under those agreements pursuant to force majeure provisions. These or other Israeli political or economic factors could harm our operations and product development. Any hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could adversely affect our operations and could make it more difficult for us to raise capital. We could experience disruptions if acts associated with this conflict result in any serious damage to our facilities. Furthermore, several countries, as well as certain companies and organizations, continue to restrict business with Israel and Israeli companies, which could have an adverse effect on our business and financial condition in the future. Our business interruption insurance may not adequately compensate us for losses, if at all, that may occur as a result of an event associated with a security situation in the Middle East, and any losses or damages incurred by us could have a material adverse effect on our business.

Our operations may be disrupted by the obligations of personnel to perform military service.

Our employees in Israel, including executive officers, generally, may be called upon to perform up to 42 days (and in some cases more) of annual military reserve duty until they generally reach the age of 45 (or older in some cases) and, in emergency circumstances, could be called to active duty. In response to increased tension and hostilities, since September 2000 there have been occasional call-ups of military reservists, including in connection with the mid-2006 war in Lebanon and the December 2008, November 2012 and July 2014 conflicts with Hamas, and it is possible that there will be additional call-ups in the future. Our operations could be disrupted by the absence of a significant number of our employees related to military service or the absence for extended periods of one or more of our key employees for military service. Such disruption could materially adversely affect our operations, business and results of operations.

Our business is subject to currency exchange risk and fluctuations between the U.S. dollar and other currencies may negatively affect our earnings and results of operations.

The U.S. dollar is both our functional and reporting currency. As a result, our results of operations may be adversely affected by exchange rate fluctuations between the U.S. dollar and the NIS. A significant portion of the expenses associated with our Israeli operations, including personnel and facilities related expenses, are incurred in NIS. Consequently, inflation in Israel will have the effect of increasing the cost of our operations in Israel unless it is offset on a timely basis by a devaluation of the NIS relative to the U.S. dollar. In addition, if the value of the U.S. dollar decreases against the NIS, our earnings may be negatively impacted. Moreover, exchange rate fluctuations in currency exchange rates in countries other than Israel where we operate, perform our clinical trials or conduct business may also negatively affect our earnings and results of operations. We cannot predict any future trends in the rate of inflation or deflation in Israel or the rate of devaluation or appreciation of the NIS against the U.S. dollar. If the dollar cost of our operations in Israel increases, our dollar-measured results of operations will be adversely affected. For example, in 2020, the value of the NIS appreciated against the U.S. dollar by 6.97%, which appreciation was partially offset by inflation in Israel of 0.7%. In 2019, the value of the NIS appreciated against the U.S. dollar by 7.79%, the effect of which was partially offset by inflation in Israel at a rate of approximately 0.3%. As a result of these fluctuations, our NIS denominated expenses were affected.

Potential future revenue may be derived from abroad, including outside of the United States. As a result, our business and share price may be affected by fluctuations in foreign exchange rates with these other currencies, which may also have a significant impact on our reported results of operations and cash flows from period to period. Currently, we do not have any exchange rate hedging arrangements in place. Foreign currency fluctuations could materially adversely affect our results of operations or could positively affect our results of operations in ways that may not necessarily be repeated in future periods.

It may be difficult to enforce a U.S. judgment against us or our officers and directors, to assert U.S. securities laws claims in Israel or to serve process on our officers and directors.

We are incorporated under the laws of the State of Israel. Service of process upon us, our directors and officers and the Israeli experts, if any, a significant number of whom reside outside the United States, may be difficult to obtain within the United States. Furthermore, because the majority of our assets and investments, and substantially all of our directors, officers and such Israeli experts, if any, are located outside the United States, any judgment obtained in the United States against us or any of them may be difficult to collect within the United States. In addition, such judgment may not be enforced by an Israeli court.

In addition, it may also be difficult for an investor to effect service of process on these persons in the U.S. or to assert U.S. securities law claims in original actions instituted in Israel. Israeli courts may refuse to hear a claim based on an alleged violation of U.S. securities laws reasoning that Israel is not the most appropriate forum to bring such a claim. In addition, even if an Israeli court agrees to hear a claim, it may determine that Israeli law and not U.S. law is applicable to the claim. If U.S. law is found to be applicable, the content of applicable U.S. law must be proved as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by Israeli law. There is little binding case law in Israel addressing the matters described above. See the section in our Registration Statement on Form F-1 filed under the Securities Act with the SEC on June 27, 2018, entitled “Enforceability of Civil Liabilities.” As a result of the difficulty associated with enforcing a judgment against us in Israel, holders of our Ordinary Shares may not be able to collect any damages awarded by either a U.S. or foreign court.

Provisions of Israeli law and our Articles may give rise to withholding obligations or delay, prevent or make difficult a change of control and therefore depress the price of our shares.

Israeli corporate law regulates mergers, requires tender offers for acquisitions of shares above specified thresholds, requires special approvals for transactions involving directors, officers or significant shareholders and regulates other matters that may be relevant to these types of transactions. For example, under the Companies Law, upon the request of a creditor of either party to a proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that as a result of the merger the surviving company will be unable to satisfy the obligations of any of the parties to the merger. Additionally, a tender offer for all of a company's issued and outstanding shares can only be completed if the acquirer receives positive responses from the holders of at least 95% of the issued share capital. Completion of the tender offer also requires approval of a majority of the offerees that do not have a personal interest in the tender offer unless, following consummation of the tender offer, the acquirer would hold more than 98% of the company's outstanding shares. Furthermore, the shareholders, including those who indicated their acceptance of the tender offer, may, at any time within six months following the completion of the tender offer, petition an Israeli court to alter the consideration for the acquisition, unless the acquirer stipulated in its tender offer that a shareholder that accepts the offer may not seek such appraisal rights. For additional information regarding the regulation of mergers and tender offers under the Israeli Companies Law, see "Item 16.G.–Corporate Governance— Anti-Takeover Measures under Israeli Law; Acquisitions under Israeli Law."

Furthermore, Israeli tax considerations may make potential transactions unappealing to us or to our shareholders whose country of residence does not have a tax treaty with Israel exempting such shareholders from Israeli tax. For example, Israeli tax law does not recognize tax-free share exchanges to the same extent as U.S. tax law. With respect to mergers, Israeli tax law allows for tax deferral in certain circumstances that makes the deferral contingent on the fulfillment of numerous conditions, including a holding period of two years from the date of the transaction during which sales and dispositions of shares of the participating companies are, subject to certain exceptions, restricted. Moreover, with respect to certain share swap transactions, the tax deferral is limited in time, and when the time expires, tax then becomes payable even if no actual disposition of the shares has occurred.

Our Articles provide that our directors (other than external directors) are elected on a staggered basis such that a potential acquirer cannot readily replace our entire board of directors at a single general shareholders meeting.

These provisions could cause our Ordinary Shares to trade at prices below the price for which third parties might be willing to pay to gain control of us. Third parties who are otherwise willing to pay a premium over prevailing market prices to gain control of us may be unable or unwilling to do so because of these provisions of Israeli law and our amended Articles.

Your rights and responsibilities as a shareholder are governed by Israeli law, which may differ in some respects from the rights and responsibilities of shareholders of U.S. companies.

We are incorporated under Israeli law. The rights and responsibilities of the holders of our Ordinary Shares are governed by our Articles and Israeli law. These rights and responsibilities differ in some respects from the rights and responsibilities of shareholders in typical U.S.-based corporations. In particular, a shareholder of an Israeli company has a duty to act in good faith and in a customary manner in exercising its rights and performing its obligations towards the company and other shareholders and to refrain from abusing its power in the company, including, among other things, in voting at the general meeting of shareholders on matters such as amendments to a company's articles of association, increases in a company's authorized share capital, mergers and acquisitions and interested party transactions requiring shareholder approval. In addition, a shareholder who knows that it possesses the power to determine the outcome of a shareholder vote or to appoint or prevent the appointment of a director or executive officer in the company has a duty of fairness toward the company with regard to such vote or appointment. There is limited case law available to assist us in understanding the implications of these provisions that govern shareholders' actions, and these provisions may be interpreted to impose additional obligations and liabilities on holders of our Ordinary Shares that are not typically imposed on shareholders of U.S. corporations.

Our business could be negatively affected as a result of actions of activist shareholders, and such activism could impact the trading value of our securities.

In recent years, certain Israeli issuers listed on United States exchanges have been faced with governance-related demands from activist shareholders, unsolicited tender offers and proxy contests. Responding to these types of actions by activist shareholders could be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees. Such activities could interfere with our ability to execute our strategic plan. In addition, a proxy contest for the election of directors at our annual meeting would require us to incur significant legal fees and proxy solicitation expenses and require significant time and attention by management and our board of directors. The perceived uncertainties as to our future direction also could affect the market price and volatility of our securities.

ITEM 4. INFORMATION ON THE COMPANY

4.A. History and Development

Our legal and commercial name is Entera Bio Ltd. We were incorporated as a limited liability company under the laws of the State of Israel on September 30, 2009. We commenced operations in June 2010 as a joint venture of D.N.A Biomedical and Oramed Ltd. ("Oramed") to pursue the development of pharmaceutical products for the oral delivery of proteins. In connection with our founding, Oramed licensed to us the use of certain of its patent rights relating to the oral delivery of proteins. In February 2011, Oramed sold the majority of its holdings in us to D.N.A. Biomedical. In connection with the sale, Oramed assigned to us the patent rights that it had previously licensed to us, in exchange for an exclusive license to use the assigned patent rights in the fields of diabetes and influenza and for a 3% royalty on net revenues generated from our use or other exploitation of the assigned patent rights. In March 2011, D.N.A Biomedical and Oramed terminated the joint venture. To date, we have focused our operations on the development of our drug delivery technology for the oral administration of proteins and large molecules, in particular our oral PTH (1-34) product candidates.

We are registered with the Israeli Registrar of Companies. Our registration number is 51-433060-4. Article 3 of our Articles generally provides that our objectives are to engage in any lawful activity.

Our principal executive offices are located at Kiryat Hadassah Minrav Building, 5th Floor, Jerusalem 9122002, Israel. Our website is https://www.enterabio.com/. The information contained on, or that can be accessed through, our website does not constitute a part of this form and is not incorporated by reference herein. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of this website is http://www.sec.gov and you can access our filings on that website.

We have one wholly-owned subsidiary, Entera Bio, Inc., which was incorporated on January 8, 2018 under the laws of the State of Delaware. While our operations were initially conducted in our research and development facilities in Israel, in 2018 we started to expand our clinical and medical teams in the United States.

We are an Emerging Growth Company. As such, we are eligible to, and intend to, take advantage, for up to five years, of certain exemptions from various reporting requirements applicable to other public companies that are not Emerging Growth Companies, such as not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act. We will remain an Emerging Growth Company until the earliest of: (i) the last day of our fiscal year during which we have total annual gross revenues of at least $1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of the closing of our IPO; (iii) the date on which we have, during the previous three-year period, issued more than $1.0 billion in non-convertible debt; (iv) the date on which we are deemed to be a Large Accelerated Filer under the Exchange Act, with at least $700 million of equity securities held by non-affiliates.

Further, under the JOBS act, Emerging Growth Companies can take advantage of an extended transition period for complying with new or revised accounting standards. This provision allows an Emerging Growth Company to delay the adoption of some accounting standards until those standards would otherwise apply to private companies. However, given that we currently report under IFRS as required by the IASB, we will not be able to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required by the IASB.

For information regarding our capital expenditures, see "Item 5.B.–Liquidity and Capital Resources."

4.B. Business Overview

Who We Are

We are a clinical-stage biopharmaceutical company focused on the development and commercialization of orally delivered large molecule therapeutics for use in areas with significant unmet medical need and where adoption of injectable therapies is limited due to cost, convenience and compliance challenges for patients.

Our lead product candidates are EB613 for the treatment of osteoporosis and EB612 for the treatment of hypoparathyroidism. Both EB613 and EB612 are oral formulations of human parathyroid hormone (1-34), or PTH. An injectable formulation of PTH has been approved in the U.S. for more than a decade and in both of these indications, (PTH 1-34 for Osteoporosis and PTH 1-84 for Hypoparathyroidism), the leading products are taken via injection. In total, more than 260 healthy volunteers and patients, have received multiple doses of various formulations of our oral PTH (1-34).

Osteoporosis is a disease characterized by low bone mass and structural deterioration of bone tissue, which leads to greater fragility of bones and an increase in fracture risk. Forteo® is a once-daily subcutaneous injectable form of PTH (1-34), marketed by Eli Lilly and Company ("Eli Lilly"), that was approved in 2002 for the treatment of osteoporosis in the U.S. and is widely considered one of the most effective treatments due to its ability to build bone. Because our product candidate EB613 is delivered in a patient friendly oral formulation, we believe it will reduce the treatment and cost burden on patients and lead to significantly higher patient and physician acceptance compared to injectable PTH. In 2020, we engaged a third-party firm to conduct two primary market research studies with clinicians who treat osteoporosis patients. In these two studies, the responses to the prospect of prescribing an oral PTH with demonstrated safety and efficacy were overwhelmingly positive and driven by expected improvements in patient compliance, ease of administration and reduced costs.

We have completed two, multi-stage Phase 1 clinical trials of EB613 and are expecting final bone mineral density, or BMD, results from the ongoing Phase 2 double-blind, placebo-controlled, dose-ranging trial of EB613 in the second quarter of 2021. Based on these trials, which were conducted in Israel, EB613 appears to be safe and well tolerated with no serious drug-related adverse events reported. Furthermore, the adverse events seen in these trials are consistent with those seen in other trials of PTH (1-34). In November 2018, we had a pre-IND meeting with the FDA to discuss the EB613 program including various aspects of the nonclinical and clinical development plan, the use of the 505(b)(2) regulatory pathway and the use of BMD, rather than fracture incidence as the primary endpoint to support an NDA. Based on the FDA's response, we believe that we may be able to use BMD as the primary efficacy endpoint for a Phase 3 trial and that a fracture endpoint trial will not be required.

In December 2020, we announced that the FDA had reviewed our Investigational New Drug (IND) application for EB613 and informed us that we may proceed with our initial U.S. clinical trial. Subject to the successful completion of the ongoing Phase 2 clinical trial, we intend to enter into a dialogue with the FDA in order to reach agreement on the design of a pivotal Phase 3 clinical trial and requirements for potential approval under the 505 (b)(2) regulatory pathway. We believe that the study design to achieve the BMD endpoint will have a much smaller number of patients and will be significantly shorter in duration than a study that utilizes a placebo-controlled bone fracture endpoint.

Hypoparathyroidism is a rare condition in which the body fails to produce sufficient amounts of PTH or the PTH produced lacks biologic activity. Historically, the treatments for hypoparathyroidism have been calcium supplements, active vitamin D analogs (calcitriol or similar drugs) and occasionally phosphate binders, the chronic use of which results in serious side effects and significant costs to patients and the healthcare system. A once-daily injectable form of PTH (1-84), marketed as Natpara, has been approved for the treatment of hypoparathyroidism. Our lead product candidate for hypoparathyroidism, EB612, is delivered orally and can be administered in customized doses several times a day. Studies performed by researchers at the National Institutes of Health, or NIH have shown that dosing PTH multiple times per day significantly increases the efficacy of therapy and may be more effective for treating hypoparathyroidism. These studies found that the total daily PTH dose required to maintain serum calcium in the normal or near-normal range was reduced by 50% with twice-daily PTH (1-34) and also demonstrated that twice-daily dosing achieved better control over serum calcium and urinary calcium excretion as compared to once-daily dosing. In addition, based on the market research we conducted in osteoporosis we believe patients generally prefer orally-administered drugs. For these reasons, we believe EB612 dosed two or more times during the day may be clinically superior to the existing daily therapy and has the potential to become the standard of care, if approved, for hypoparathyroidism.

In 2015, we successfully completed a Phase 2a trial for EB612. Although our Phase 2a trial involved a smaller number of patients, was conducted for a shorter duration and did not include an initial dose optimization period in comparison to the design of the pivotal trial used for regulatory approval of Natpara (the REPLACE trial), our trial showed the potential for similar efficacy. In the third quarter of 2019, we reported the results of a second Phase 2 clinical trial that included one day of dosing with EB612 to evaluate the pharmacokinetic/pharmacodynamics, or PK/PD, profile of various EB612 dose regimens compared with Natpara. The results from this study demonstrated that EB612 was effectively delivered into the blood stream and activated PTH-dependent biological pathways that are inadequately activated in patients with hypoparathyroidism. In addition, the various dosing regimens demonstrated positive impacts on serum calcium, urine calcium and serum phosphate levels. No serious adverse events were reported. We are evaluating additional formulations of EB612 and believe this Phase 2 trial will help determine the design of a definitive long-term Phase 2b or Phase 3 trial of EB612 in patients with hypoparathyroidism in which the dose frequency would be titrated to control hypocalcemia, normalize serum phosphate and reduce renal calcium excretion.

In the future, after the completion of additional formulation and development activities and subject to available funds, we expect to initiate a multi-site Phase 2b/3 clinical trial of EB612 for the treatment of hypoparathyroidism, which will further evaluate the dosage, effectiveness and safety profile of EB612 in an expanded population of patients with hypoparathyroidism. We expect that this Phase 2b/3 trial, when initiated, will be designed to replicate the REPLACE trial in many aspects and to achieve a significant reduction in urinary calcium. The phase 2b/3 clinical trial of EB612 in hypoparathyroidism may potentially support a submission for regulatory approval of EB612, if successful.

In addition to the utilization of our technology to develop our own internal drug candidates, we intend to use our technology as a platform for the oral delivery of other novel protein and large molecule therapeutics. We believe our proprietary technology has advantages over alternative delivery options, and may enable us to create a potential pipeline of products across a range of therapeutic indications. We have generated data on a number of additional proteins and peptides in molecules as large as 150 kDa, and may develop these candidates further internally, or explore potential business development collaborations to advance these therapies through clinical development and generate funding.

In December 2018, we entered into a research collaboration and license agreement with Amgen, Inc, or Amgen. Under the agreement, the parties will collaborate on the development and discovery of clinical candidates in the field of inflammatory disease and other serious illnesses. Specifically, we and Amgen will use our proprietary drug delivery platform to help Amgen develop oral formulations for up to three large molecule drug candidates within Amgen's pipeline. Further, under the terms of the agreement, we will conduct preclinical development activities, at Amgen's expense and Amgen will be responsible for research, clinical development, manufacturing and commercialization of any of the resulting programs, at its expense. We will be eligible to receive from Amgen aggregate payments of up to $270 million upon achievement of various clinical and commercial milestones or Amgen's exercise of its option to select up to two additional programs to include in the collaboration ,as well as tiered royalty payments ranging from the low to mid-single digits based on the level of Amgen's net sales of any applicable products, if approved. We will retain all intellectual property rights to our drug delivery technology, which under this collaboration will be licensed to Amgen exclusively for Amgen's selected drug targets. Amgen will retain all rights to its large molecules, including any subsequent improvements.

In February 2021, we announced that we initiated a new research program for an oral glucagon-like peptide-2 (GLP-2) analog based on the Company's platform technology. GLP-2, a peptide produced in the intestine and the central nervous system via the brainstem and hypothalamus, is known to enhance intestinal absorption, specifically the increased absorption of nutrients. The only GLP-2 analog currently on the market, teduglutide, was approved in 2012 as a once daily injection for the treatment of short bowel syndrome in the U.S. and Europe, registering global sales of $574 million in 2019. In preclinical models, our oral formulation of a GLP-2 analog has shown a comparable pharmacokinetic profile to a subcutaneous injection. In addition, GLP-2 analogs are an important category of new therapies for many metabolic diseases and therefore we believe this product candidate is well positioned for partnering opportunities.

Our Pipeline

Drug development has shifted towards the use of biologics such as peptides, proteins and other large molecules for the treatment of various diseases including orphan indications. For example, approximately 30% of the drugs approved by the FDA between 2015 and 2019 were biologics. Currently, most large molecule therapeutics can only be delivered via injections and other non-oral pathways because oral administration typically leads to poor absorption into the blood stream as well as enzymatic degradation within the gastrointestinal tract. Oral drug delivery has the potential to reduce the treatment burden by providing a more patient friendly alternative relative to injectable drugs and may provide significantly more flexibility, both in size and number of doses per day, than injectable drugs. Our proprietary oral drug delivery technology is designed to address the issues of poor absorption, high variability, and difficulties delivering such large molecules to the targeted location in the body by utilizing a combination of a synthetic absorption enhancer, to facilitate the enhanced absorption of large molecules, and protease inhibitors to prevent enzymatic degradation.

We have initially focused on the development of products which are based on previously approved therapeutic agents. We believe this will allow us to more efficiently and predictably advance product candidates through the development cycle based on well-defined clinical and regulatory pathways. We have conducted initial feasibility studies with a number of candidates and intend, subject to the availability of resources, to commence preclinical and clinical development for our next, non-PTH product candidate in the future.

The following chart summarizes the current stage of development of each of our current product candidates, as well as their indications.

Program	Target	Preclin	Phase 1	Phase 2	Phase 3	Partner	Next Milestone
PTH	Osteoporosis	EB613 PTH 1-34 505b2					Final Phase 2 Data Q2:21
PTH	Hypo-parathyroidism (Orphan)	EB612 PTH 1-34 BLA					Phase 2b/3 Start 2022
PTH	Non-union fractures	EB613 PTH 1-34					Phase 1/2 Preparation
Undisclosed	Anti-inflammatory					AMGEN	Undisclosed
Undisclosed	Various						Undisclosed

Our Strategy

Our goal is to become a leading biopharmaceutical company focused on the development and commercialization of orally delivered large molecule therapeutics in indications with significant unmet medical needs. The key elements of our strategy to achieve this goal are to:

- *Advance EB613 into a Phase 3 clinical trial for the treatment of osteoporosis*: We are currently conducting a dose ranging Phase 2 clinical trial of EB613 for the treatment of osteoporosis and expect to report final BMD data from this trial in the second quarter of 2021.Based on FDA guidance received at our pre-IND meeting in November 2018, we intend to further develop EB613 and conduct the required non-clinical and clinical trials independently or with a partner in order to attain regulatory approval. We intend to conduct a single Phase 3, multicenter trial with a BMD endpoint comparing oral PTH with Forteo. We believe this Phase 3 trial could be initiated 2022, based on the successful outcome of the ongoing Phase 2 trial and the availability of sufficient financial resources.

- *Advance EB612 through clinical development for the treatment of hypoparathyroidism*: To date we have completed two Phase 2 clinical trials of EB612 for the treatment of hypoparathyroidism. We reported positive results from the first trial in the third quarter of 2015, and then conducted a Phase 2PK/PD trial in 2019 to evaluate the profile of various EB612 dose regimens. After the completion of additional formulation and development activities to determine our final formulations, and subject to available funds, we expect to initiate a Phase 2b/3 clinical trial of EB612 for the treatment of hypoparathyroidism. The FDA and the EMA have granted EB612 orphan drug designation for the treatment of hypoparathyroidism.

- *Establish global and regional commercial partnerships, or selectively develop commercial capabilities for our lead oral PTH product candidates*: For our oral PTH product candidates that target orphan indications, we may determine to retain commercialization rights within key territories, including the United States, because of the ability to commercialize efficiently with a small sales and marketing organization. For product candidates that target indications with larger patient populations such as Osteoporosis, we may choose to partner with larger biopharmaceutical companies ahead of late stage development and commercialization, or to license our technology to third parties for additional indications, pending our Phase 2 trial results and the potential impact of COVID-19 on those results or on our discussions with potential collaboration or other business partners. We are building a corporate and business development capability to determine the appropriate development and commercial strategies for our current and future product candidates.

- *Leverage our technology to develop more effective novel large molecule therapeutics through collaborations with other biotechnology or pharmaceutical companies*: Oral drug delivery lowers the treatment burden on patients relative to injectable drugs, leading to higher patient and physician acceptance and compliance, and at a lower cost to patients. However, certain peptides, proteins and other large molecule therapeutics can currently only be delivered via injections and other non-oral pathways because oral administration leads to negligible absorption into the blood stream as well as enzymatic degradation within the gastrointestinal tract. In December 2018, we entered into a research collaboration and license agreement with Amgen and we intend to explore additional collaborations to further validate our technology and potentially generate value through funding from such collaborations. COVID-19 may impact our ability to conduct research and development activities or to develop data that may lead to potential future collaborations (see “Risk Factors—The outbreak of COVID-19 in the United States, Israel and elsewhere has created significant business disruptions and will adversely affect our business”).

- *Identify and develop additional products based on FDA-approved injectable large molecule therapeutics*: We intend to leverage our technology platform by applying it to the development of known large molecule therapeutics and believe we can reduce the development and regulatory risks by working on FDA-approved large molecule therapeutic agents with known mechanisms of action. We believe this will allow us to advance our product candidates efficiently and predictably through the development cycle thereby offering us the option either to develop these products on our own or to collaborate with the innovator companies. For example, In February 2021, we announced that we initiated a new research program for an oral glucagon-like peptide-2 (GLP-2) analog based on the Company’s platform technology.

Our Technology

We are focused on the development and commercialization of product candidates that leverage our proprietary platform technology for the oral delivery of large molecule therapeutics. In recent years, drug development has shifted towards the use of peptides, proteins and other large molecules for the treatment of various diseases. By lowering the treatment burden on patients, oral drug delivery leads to higher patient and physician acceptance. In addition, oral drug delivery provides significantly more flexibility, both in size of dose and number of doses per day, than injectable drugs, which are frequently administered by preset injection pen and only once per day. Oral tablets are also less costly to manufacture than injectable biologics, which we expect will lower the cost of our therapies to patients, thereby expanding access to a greater population of patients who can afford these therapies.

Historically peptides, proteins and other large molecule therapeutics have typically been delivered via injections and other non-oral pathways because oral administration leads to poor absorption into the blood stream (bioavailability) due to enzymatic degradation within the gastrointestinal tract and poor permeability though the intestinal wall. Most oral drug delivery technologies attempting to overcome this hurdle only manage to attain very low bioavailability (less than 1%), which generally results in high variability of dose exposure, both between patients and within the same patient at different times of administration. These variability issues are due to the fact that small changes in the level of absorption lead to significant changes in the bioavailability. As a result, absorption variability generally decreases as drug bioavailability increases. Oral formulations of large molecules must therefore ensure that the large molecule is able to pass through the intestinal wall so that it can be absorbed into the bloodstream and that the large molecule therapeutic is not exposed to enzymatic degradation in order to protect its biological activity and availability for absorption.

Our proprietary technology is designed to address both of these issues by utilizing a combination of a synthetic absorption enhancer, or carrier molecule, to facilitate the enhanced absorption of large molecules, and protease inhibitors to prevent enzymatic degradation. By designing our product candidates to address both the issues of absorption and degradation, we have been able to significantly increase bioavailability and decrease the variability of the PTH dose delivered in our clinical trials to date. Our carrier molecule is designed to create a weak association with our chosen large molecule therapeutic agents, leaving the therapeutic agent chemically unmodified. The carrier molecule enables transport across the intestinal membrane via transcellular absorption without compromising the integrity of the intestinal wall. Because of the weak association between the carrier molecule and the therapeutic agent, the interaction is designed to be reversible and occurs spontaneously by simple dilution on entering the blood. We select protease inhibitors that act by specifically inhibiting a number of gastrointestinal enzymes designed to assist in the degradation and digestion of proteins without interfering with normal gastrointestinal activity.

In order for large molecule therapeutics to benefit from the use of our oral delivery technology, they must demonstrate a number of specific characteristics, including:

- having the appropriate size, as measured by molecular weight, and other chemical/physical characteristics;
- having a mechanism of action that favors delivery through the gastrointestinal tract rather than through injections, and;
- having a dosing schedule that requires dosing one or more times per day for at least three months.

Based on these criteria, we chose to focus initially on product candidates related to oral delivery of PTH molecules, which have the potential for therapeutic use in a number of indications including hypoparathyroidism and osteoporosis. We have also explored the use of our technology in other molecules such as a GLP-2 analog and a number of other macromolecules, up to approximately 150kDa in size. We believe our platform technology has the potential for use in biologics which represented approximately 30% of all U.S. FDA drug approvals between 2015 and 2018, and $20 billion in annual sales.

Our Product Candidates

The following table summarizes important information about each of our current oral PTH product candidates, including their indications and their current stage of development. We have not out-licensed any intellectual property rights to our oral PTH product candidates listed below, and, therefore, have retained the ability to pursue their worldwide commercialization, or potential commercial collaborations.

Program	Indication	Description	Stage of Development	Status
EB613	Osteoporosis	Oral PTH (1-34)	Phase 2	Pre-IND meeting conducted in Q4 2018; IND opened in Dec 2020 Phase 2 dose ranging clinical trial final BMD results expected in Q2 2021 Phase 3 initiation expected in 2022
EB612	Hypoparathyroidism	Oral PTH (1-34)	Phase 2	Phase 2a successfully completed (results reported 2015) Phase 2b PK/PD clinical trial head to head with Natpara in hypoparathyroid patients results reported in Q3 2019 Final formulation(s) to be selected in 2021 subject to sufficient funding

Oral PTH Therapeutics

PTH is a hormone that regulates the levels of calcium and phosphorus in the blood. The naturally occurring form of PTH that is found in the human body is composed of 84 amino acids, although only the first 34 amino acids are believed to be responsible for its biological effects. A recombinant injectable form of PTH that is comprised of only the first 34 amino acids, or PTH (1-34), is used as a treatment for a number of indications, including hypoparathyroidism, osteoporosis and non-union fractures. A subcutaneous injectable form of human PTH (1-34), marketed under the name Forteo®, has been approved in the United States since 2002 and has been used by more than one million patients for the treatment of osteoporosis. An injectable form of full length human PTH (1-84), marketed under the name Natpara®, has been approved for the treatment of hypoparathyroidism. We are developing multiple oral formulations of PTH (1-34) that can be used for a number of proposed indications. We believe that our oral PTH product candidates, EB613 and EB612, if approved, have the potential to become the standard of care for patients with osteoporosis, hypoparathyroidism and non-union fractures.

PTH regulates calcium and phosphate homeostasis and bone metabolism in the body. In normal healthy individuals, PTH is generally produced at very low basal levels that produce a blood concentration of 15 - 25 pg/mL. On top of the basal PTH levels, there are physiological pulses two to three times per day that result in transient increases in PTH levels reaching up to 65 pg/mL. The changes in PTH secretion are in response to ionized calcium concentration in blood plasma that result from the entry of calcium from nutrients in the intestine and resorption of calcium from bone. The pulses help encourage bone turnover through activation of both osteoblasts and osteoclasts, the two main types of cells that are responsible for the process through which bones are remodeled. In the absence of adequate parathyroid function producing these pulses in response to decreasing blood calcium, it is difficult for the body to regulate normal homeostatic processes.

EB613 for Osteoporosis

Osteoporosis

We are developing an oral PTH program, EB613, for the treatment of osteoporosis. Osteoporosis is a systemic skeletal disease characterized by low bone mass, deterioration of the microarchitecture of bone tissue and increased bone fragility and susceptibility to fracture. It most commonly affects older populations, primarily postmenopausal women. All bones are subject to an ongoing process of formation and degradation, whereby bone tissue is removed from the skeleton and new bone tissue is formed. Two main types of cells are responsible for this process: osteoclasts, which break down bone tissue, and osteoblasts, which secrete new bone tissue. In healthy individuals, bone resorption is matched by new bone formation. Osteoporosis develops as the delicate balance between bone resorption by osteoclasts and bone formation by osteoblasts is not maintained, and not enough bone tissue is formed, leading to frail and fracture-prone bones. Moreover, in many types of osteoporosis, the overall rate of bone turnover is accelerated, increasing the rate of bone loss. The weak and brittle bones become susceptible to fractures caused by fall, mild stress or even a cough, that would cause no harm to normal bones. The complications of fractures and treatment in frail elderly individuals can in limited instances be fatal (for example, due to pulmonary embolism, pneumonia or urosepsis).

Osteoporosis often leads to loss of mobility, admission to nursing homes and dependence on caregivers resulting in substantial costs to the healthcare system. The prevalence of osteoporosis is growing due to the aging of populations in developed countries, and, according to the National Osteoporosis Foundation, or NOF, is significantly under-recognized and under-treated. While the aging of the population is a primary driver of an increase in prevalence, osteoporosis is also increasing from the use of drugs that induce bone loss, such as the chronic use of glucocorticoids and aromatase inhibitors that are increasingly used for breast cancer and the hormone deprivation therapies used for prostate cancer.

Market opportunity

The NOF has estimated that over eight million women in the U.S. already have osteoporosis and another approximately 44 million may have low bone mass placing them at increased risk for osteoporosis. In U.S. women 55 years of age and older, the hospitalization burden of osteoporotic fractures and population facility-related hospital cost is greater than that of myocardial infarction, stroke, or breast cancer. Furthermore, the NOF expects that the number of fractures in the U.S. due to osteoporosis will rise to three million by 2025, resulting in an estimated $25.3 billion in costs each year. Worldwide, osteoporosis affects an estimated 200 million women according to the International Osteoporosis Foundation, or IOF, and causes more than 8.9 million fractures annually, which is equivalent to an osteoporotic fracture occurring approximately every three seconds. The IOF has estimated that 1.6 million hip fractures occur worldwide each year, and by 2050 this number could reach between 4.5 million and 6.3 million. The IOF estimates that in Europe alone, the annual cost of osteoporotic fractures could surpass €76 billion by 2050.

Limitations of current treatments for osteoporosis

The goal of pharmacological treatment of osteoporosis is to maintain or increase bone strength, to prevent factures and to minimize osteoporosis-related morbidity and mortality caused by fractures throughout the patient's life. Current treatments for osteoporosis generally fall into two categories: antiresorptive medications that prevent bone loss but do not restore normal bone mass and anabolic medications that increase the rate of bone formation, and at least in part, restore lost bone. The global osteoporosis drug market was dominated for many years by bisphosphonates that inhibit bone resorption, although bisphosphonates' market share in the United States has declined over recent years due to fear of the occurrence of rare but potentially serious side effects. In addition, anabolic drugs like Forteo (human PTH (1-34)), and the most recent new drug abaloparatide (Tymlos ®) which is a synthetic PTH receptor agonist, have become more frequently used. Both of these drugs are taken via subcutaneous injection and are used for only 1 to 2 year periods with patients subsequently transitioned to an antiresorptive drug. More recently, the market has seen the introduction of newly developed pharmacological treatments that also inhibit bone resorption, including the RANK-ligand inhibitor denosumab (Prolia ®).

The primary current treatments for osteoporosis are summarized in the table below:

Class of Drug	Name (Producer)	Method of Action	Known Side Effects	2019 Branded Sales (in millions)
Injectable PTH	Forteo (Eli Lilly)	Increases bone mineral density by, increasing bone formation.	Decrease in blood pressure, increase in serum, calcium in the blood; nausea, joint aches, pain, leg cramps, injection site reactions	$1,404
Monoclonal antibody	Prolia (Amgen)	Blocks bone resorption by osteoclasts by binding RANK-L a protein that is essential to activate osteoclasts	Hypocalcemia, serious infections, dermatologic adverse reactions, osteonecrosis of the jaw, atypical femoral fractures, back pain, pain in extremity, musculoskeletal pain, hypercholesterolemia, and cystitis	$2,672
	EVENITY® (Amgen)	Increases bone formation and, to a lesser extent, decreases bone resorption by inhibiting the action of sclerostin, a regulatory factor in bone metabolism. Note: limited duration of use to 12 monthly doses.	Hypersensitivity reactions, including angioedema, erythema multiforme, dermatitis, rash, and urticaria; hypocalcemia; osteonecrosis of the jaw; atypical femoral fracture;	$350
Injectable abaloparatide	Tymlos (Radius Health)	Similar to PTH, binds to PTH receptors and results in bone formation and increased bone mineral density	Osteosarcoma, Orthostatic hypotension, hypercalcemia, hypercalciuria, dizziness, nausea, headache, palpitations, fatigue, upper abdominal pain and vertigo	$172
Bisphosphonate	Actonel, Boniva Zometa (IV) (Novartis)	Prevent bone loss by inhibiting osteoclasts. Effects reversible at low doses but high intravenous causes apoptosis.	Irritation of the gastrointestinal mucosa, hypocalcemia, severe musculoskeletal pain, osteonecrosis of the jaw, atypical femoral fractures	N/A (Generic)

In osteoporosis patients, who have normal basal levels of PTH, therapeutic administration of PTH initially activates osteoblasts, but eventually activates osteoclasts after several months of treatment. While both types of cells are activated when PTH is administered, osteoblasts are activated to a greater extent, increasing net bone formation and bone mass. Injectable PTH (1-34), in the form of Eli Lilly's Forteo, is therefore one of the most effective osteoporosis medications on the market today and demonstrably more efficacious in reducing the risk of spine fractures than bisphosphonates. Forteo is particularly advantageous in glucocorticoid-induced osteoporosis, a known side effect of drugs like prednisone. A study published in the New England Journal of Medicine found that over a period of 18 months bone mineral density in the lumbar spine in a group of patients with glucocorticoid-induced osteoporosis treated with Forteo increased twice as much as that in the group treated with a bisphosphonate.

Unlike our oral delivery system, Forteo is administered by subcutaneous injection, which has significant drawbacks including the discomfort and local irritation associated with a daily injectable regimen. Additionally, subcutaneous injection of Forteo has been shown to induce antibodies to the drug in approximately 3% of the patient population. Based on our market research, we believe an oral form of PTH (1-34) would significantly improve patient and physician acceptance. We also believe that the desire for a more patient friendly route of administration is why Eli Lilly has evaluated several collaborations with developers of alternative delivery systems, including a micro needle patch system and an intranasal delivery system. However, these collaborations have yet to result in a successful commercial product. While a patch technology may reduce the discomfort associated with an injection, we believe patients will prefer an oral form of PTH (1-34) over a patch form of delivery. In addition, several pharmaceutical companies have previously attempted to develop an orally administered form of PTH, although none have been successful to date due to issues including variability and low bioavailability.

Other oral delivery technologies for the treatment of osteoporosis

We believe that our oral delivery technology is superior to other oral peptide delivery technologies that were and still may be in development for osteoporosis patients. The table below presents a comparison and integration of available clinical trial results to date:

Company/Technology	Molecule	API MW (g/mole)	Bioavailability (F)
Entera Bio	PTH (1-34)	4118	1.5%
Novartis/Emisphere (Eligen - CNAC) [(1)]	PTH (1-34)	4118	0.2 - 0.5%
Enteris Biopharma - Unigen (Peptelligence) [(2)]	PTH (1-31)	3719	0.52%
Multiple manufacturers[(3)]	Desmopressin	1069	0.16%
Chiasma (TPE)[(4)]	Octreotide	1019 (Cyclic peptide)	0.67%
Proxima Concepts (AXCESS)[(5)]	Insulin	5733	0.7%

(1) Source: The single dose pharmacokinetic profile of a novel oral human parathyroid hormone formulation in healthy postmenopausal women Sibylle P. Hämmerle, et al. Bone. 2012 Apr;50(4):965-73. doi: 10.1016/j.bone.2012.01.009. Epub 2012 Jan 25.

(2) Source: Pharmacokinetics of oral recombinant human parathyroid hormone rhPTH (1-31)NH2 in postmenopausal women with osteoporosis. Sturmer A1 et el. Clin Pharmacokinet. 2013 Nov;52(11):995-1004. doi: 10.1007/s40262-013-0083-4.

(3) Source: Public Assessment Report, Desmopressin Acetate 100 Microgram Tablet PL 24668/0177 and Desmopressin Acetate 200 Microgram Tablet PL 24668/0178. Medicines and Healthcare Products Regulatory Agency.

(4) Source: Pharmacokinetic Modeling of Oral Octreotide (Octreolin™) in Healthy Volunteers and Dosing Regimen Optimization for Acromegaly Patients. Shmuel Tuvia et al. Endocrine Society's 94th Annual Meeting June 2012, OR29-6-OR29-6. Source: The glucose lowering effect of an oral insulin (Capsulin) during an isoglycaemic clamp study in persons with type 2 diabetes S. D. Luzio et al. Diabetes Obes Metab. 2010 Jan;12(1):82-7. doi: 10.1111/ j.1463-1326.2009.01146.x. Epub 2009 Sep 25.

Preclinical and Clinical Development of EB613

In multiple clinical trials conducted to date more than 260 subjects have received formulations of EB613. Furthermore, in these trials EB613 exhibited no serious drug related adverse events and displayed compelling PK and PD properties although different than the published data from Forteo and other PTH products. Adverse events across all trials in subjects receiving EB613 were consistent with those seen in other clinical trials of PTH and included: mild hypercalcemia, tachycardia and headache. Other adverse events observed were typical of those observed in the placebo groups of our studies and other clinical trials, and included anemia, musculoskeletal and connective tissue event of knee cramps, nausea, muscle aches, and dizziness.

Ongoing Phase 2 Trial and Planned Clinical Development

Developers of osteoporosis drugs that contain new chemical entities are required to conduct extensive clinical studies that employ an endpoint which measures the reduction in fractures. These trials often require thousands of patients over a multi-year period, and typically cost hundreds of millions of dollars. However, once fracture risk reduction has been demonstrated, the FDA and other regulatory agencies have allowed new formulations or treatment regimens of the same active ingredient to be approved using BMD as the primary efficacy endpoint under the 505(b)(2) regulatory pathway in the United States or the comparable regulation in other countries. In November 2018, we held a pre-IND meeting with the FDA to discuss our development plan for oral PTH for the treatment of osteoporosis. In addition to discussing various aspects of the nonclinical and clinical development plan, the meeting focused on the potential use of the 505(b)(2) regulatory pathway and the use of BMD, rather than fracture incidence as the primary endpoint to support a BLA.

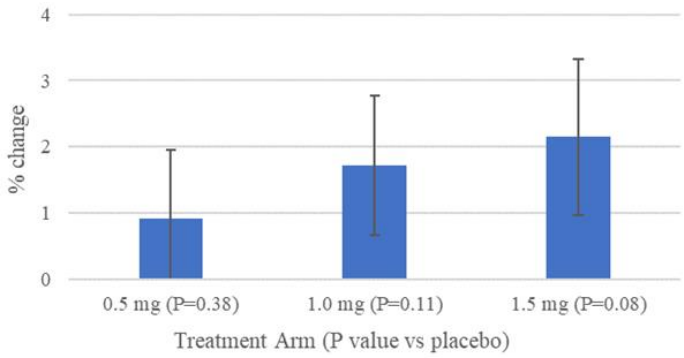
In July 2019, we initiated a six-month Phase 2 trial of EB613 in Israel with a target enrollment of 160 subjects. The Phase 2 clinical trial is designed to evaluate both the safety of EB613 and to identify the optimal dose that we will select to advance into a single Phase 3 pivotal trial. Based on the pre-IND meeting and the interim data from the Phase 2 trial of EB613, we submitted an IND for EB613 to the FDA in November 2020. In December 2020, we announced that the FDA had reviewed our IND application for EB613 and informed us that we may proceed with our initial U.S. clinical trial. Subject to the successful completion of the ongoing Phase 2 clinical trial, we intend to enter into a dialogue with the FDA to discuss the design of a potential pivotal Phase 3 clinical trial in order to ensure we meet all of the FDA's requirements for potential approval under the 505 (b)(2) regulatory pathway.

The Phase 2 clinical trial of EB613 is a dose-ranging, placebo-controlled study in postmenopausal female subjects with osteoporosis, or low BMD, and is being conducted at four leading medical centers in Israel. In this trial, we are evaluating, BMD, multiple bone markers, including P1NP and Osteocalcin - bone formation markers, CTX – a bone resorption marker, and various safety endpoints. We completed enrollment in this trial in November 2020 upon the randomization of the 161st subject. The demographics for the EB613 Phase 2 clinical trial such as age, BMI and baseline levels of bone markers were generally consistent with demographics from similar osteoporosis studies in the literature.

	N	Mean	Median
Age	161	61	61
Weight (Kg)	161	67	66
BMI	161	26	26

The trial was designed based on data from our Phase 1 trials and included a placebo group as well as treatment groups of 0.5mg, 1.0mg and 1.5mg of EB613. In July 2020 based on a review of the three-month interim biochemical marker and safety data from the first 80 subjects randomized, we amended the Phase 2 protocol with the discontinuation of the two lower doses (0.5 mg and 1.0 mg) of EB613 and the addition of a 2.5 mg dose.

In August 2020, we announced the 6-month interim biomarker and BMD data from the first 50%, or 80 patients, enrolled in this trial. In summary, the data indicated that EB613 has a meaningful and positive impact on lumbar spine BMD in a dose dependent manner. EB613 generated a mean placebo adjusted increase in lumbar spine BMD of 2.15% (p = 0.08) for the 14 patients in the 1.5 mg treatment arm, as compared to the 16 patients in the placebo arm. The placebo-adjusted increase was comprised of a mean BMD increase of 1.44% in the 1.5 mg treatment arm compared to a mean decrease of 0.71% in the placebo arm. An additional analysis of BMD changes in all EB613 treatment groups showed a significant dose-dependent trend in the percentage change in lumbar spine BMD. The 6-month Placebo Adjusted Lumbar Spine BMD results are summarized below (mean, standard error):



In March 2021, we announced complete 3-month biomarker data from this trial. The complete 3-month results from the trial showed a significant increase in the P1NP biomarker in the 2.5 mg dose group after 3 months of treatment (P <0.04) as compared to placebo. The change in P1NP at 3-months is the primary endpoint the Phase 2 trial. Similar to the increase in P1NP, a significant increase in Osteocalcin was also observed in the 2.5 mg group after 3 months (P <0.01). In line with a potential anabolic effect, a significant decrease in CTX was observed after 3 months of treatment (P <0.015). The decrease in CTX taken together with the increase in P1NP and Osteocalcin would indicate a potential positive impact on BMD.

Biomarker data from the Placebo and EB613 2.5mg dose group are summarized below:

- A significant increase in P1NP from baseline versus placebo at month 3 (P <0.04) as well as significant increases at months 1 (P <0.0001) and 2 (P <0.003);
- A significant increase in Osteocalcin from baseline versus placebo at month 3 (P<0.006) as well as significant increases at months 1 (P<0.0001) and 2 (P<0.0001);
- A significant decrease in CTX from baseline versus placebo at month 3 (P <0.015) as well as a significant decrease at month 1 (P <0.001)

Study Medication, EB613 or placebo, was generally well tolerated through 3 months of treatment. Common adverse events resembled those known to be associated with teriparatide by subcutaneous injection including dizziness, headache, palpitations, and nausea. There were no adverse events that were severe in intensity in any treatment group and no serious drug-related adverse events. Complete safety evaluations of the fully unblinded data will be conducted with the full 6-month data analyses.

We are also conducting several nonclinical safety assessment studies to support our regulatory filings and to enable the start of a single Phase 3 clinical trial in 2022 using sites in the United States, Israel and other territories, subject to positive data from our ongoing Phase 2 trial of EB613, pending the determination of the impact of COVID-19 on our ability to collect sufficient data to proceed with a Phase 3 clinical trial and on the design of any such Phase 3 clinical trial see “Risk Factors—The outbreak of COVID-19 in the United States, Israel and elsewhere has created significant business disruptions and will adversely affect our business.”

EB612 for Hypoparathyroidism

Hypoparathyroidism

Our lead product candidate for hypoparathyroidism, EB612, is an oral formulation of PTH (1-34). We believe that EB612, if approved, has the potential to become the standard of care for hypoparathyroidism. Hypoparathyroidism is a rare condition in which the parathyroid glands fail to produce sufficient amounts of PTH. In addition, there are rare genetic diseases where mutations in the PTH gene results in PTH that lacks biologic activity. Individuals with a deficiency of parathyroid hormone may exhibit hypocalcemia and hyperphosphatemia. Hypocalcemia can cause one or more of a variety of symptoms, including weakness, muscle cramps, excessive nervousness, headaches and uncontrollable twitching and cramping spasms of muscles such as those of the hands, feet, arms, legs and face, which is known as tetany. Numbness and tingling around the mouth and in the fingers and toes can also occur. Acute hypocalcemia can result in cardiac failure, failure of nervous system functions and death. Hyperphosphatemia can result in soft tissue calcium deposition, which may lead to severe issues, including damage to the circulatory and central nervous systems. The most common cause of hypoparathyroidism is damage to, or removal of, the parathyroid glands due to surgery for another condition. Hypoparathyroidism can also be caused by an autoimmune process idiopathic reasons or occur in association with a number of different underlying disorders. In rare cases, hypoparathyroidism may occur as a genetic disorder where mutations in the PTH gene results in the production of PTH that lacks biologic activity.

Market opportunity

The prevalence of hypoparathyroidism is estimated to be 37 per 100,000 in the United States, with 70% of cases caused by surgery, 8% due to genetic disorder and 7% due to idiopathic origin. Although incidence rates have been difficult to quantify, it is estimated that chronic hypoparathyroidism, which affects patients for more than six months, affects approximately 58,700 insured individuals in the United States, with an estimated 43% of these chronic cases characterized as mild, 39% characterized as moderate, and 18% characterized as severe. The FDA has granted orphan drug designation to our oral PTH for the treatment of hypoparathyroidism.

Limitations of current treatments for hypoparathyroidism

Historically, the treatments for hypoparathyroidism have been calcium supplements, vitamin D supplements and phosphate binders. Although calcium and vitamin D can help alleviate hypocalcemia, their chronic use results in many serious side effects with significant costs to the healthcare system. Hypoparathyroid patients often need to take large doses of calcium throughout the day in order to maintain serum calcium near the lower limit of the normal range. Moreover, ordinary vitamin D is generally insufficient as the body cannot produce adequate quantities of 1,25-dihydroxyvitamin D, the active hormone derived from vitamin D. Drugs like calcitriol and alfacalcitol must be prescribed to stimulate calcium absorption. If excess calcium is absorbed, it then falls upon the kidneys to dispose of excess calcium. Endogenous PTH normally regulates renal calcium excretion, but this regulation is defective in patients with hypoparathyroidism. Over many years of treatment, kidney stones may develop, and ultimately kidney failure may occur due to either kidney stones or deposition of calcium phosphate in kidney tissue (called nephrocalcinosis). Despite the use of calcium and vitamin D supplements and other medications, many patients with hypoparathyroidism continue to experience physical and cognitive symptoms.

Until recently, hypoparathyroidism was the only hormonal insufficiency state that did not have an approved hormone replacement therapy. Natpara, which is administered once daily with a pre-set injection pen, was approved by the FDA and launched commercially in the U.S in 2015. Natpara was originally developed by NPS Pharmaceuticals, Inc., which was acquired by Shire plc in 2015 and is now a part of Takeda Pharmaceuticals as a result of its 2019 acquisition of Shire. Natpara is a recombinant form of human PTH (1-84) that was developed as an injectable hormone replacement therapy for the underlying cause of hypoparathyroidism, which is a lack of PTH. In the FDA's advisory committee meeting for Natpara, a number of observations were highlighted including that Natpara had limited clinical benefit in controlling excessive calcium in the urine, or hypercalciuria, a condition commonly associated with hypoparathyroidism and the most commonly identifiable cause of calcium kidney stone disease. Additional analysis by the FDA also noted that, due to a change in trial protocol that was made after the initiation of the trial, the responder rate for the pivotal single-dose trial's primary efficacy endpoint was 32.1% under the original trial protocol versus the 54.8% that was ultimately reported. The FDA stated in its briefing report that the results of this alternate analysis may be more clinically relevant, particularly if a clinician's goal is to keep a patient's serum calcium in the lower half of the normal range.

EB612 for the treatment of hypoparathyroidism

We believe EB612 may offer several advantages over Natpara for the following reasons:

- *EB612 is designed to be dosed multiple times a day*. Studies performed by the NIH have shown that dosing PTH multiple times per day significantly increases the efficacy of therapy and would be more effective for treating hypoparathyroidism. These studies found that the total daily PTH dose required to maintain serum calcium in the normal or near-normal range was reduced by 50% with twice-daily PTH (1-34) and also demonstrated that twice-daily dosing achieved better control over serum calcium and urinary calcium excretion as compared to once-daily dosing.

- *EB612 is designed to be dosed according to patient needs.* The hypoparathyroid population is heterogeneous and patients have highly variable responsiveness to PTH. Therefore, the ability to customize PTH dosing throughout the day with an oral tablet is an advantage over a once-daily preset injection pen.

- *EB612 is expected to have fewer adverse events of hypercalcemia.* Our planned treatment regimen would be increased gradually and in parallel to increases in serum calcium. As a result, calcium supplements and active vitamin D metabolites (e.g., calcitriol) would be reduced gradually, while maintaining a relatively stable level of serum calcium. This is in contrast with Natpara's initial high dose, which requires an immediate reduction in supplements in anticipation of a rapid increase in serum calcium levels. Furthermore, this immediate and prolonged increase in serum calcium increases the risk of prolonged hypercalcemia compared to EB612. Moreover, the target serum calcium level would be the lower end of the normal range. If serum calcium were at, or greater than, the middle of the normal range, calcium supplements, active vitamin D metabolites and oral PTH dose would be reduced.

- *EB612 can be administered in a more convenient manner.* Natpara is administered by subcutaneous injection, must be stored under restrictive conditions (refrigeration required with no freezing or shaking) and has a multi-step preparation that must be performed every two weeks. EB612 will not require such additional preparations and will have no significant storage restrictions.

As a result of its dose flexibility and the greater patient acceptance of oral formulations, we believe EB612, if approved, will address a larger segment of the hypoparathyroid population than Natpara. For these reasons, we believe that EB612, if approved, has the potential to become the standard of care for patients with hypoparathyroidism.

To date, no oral PTH formulation has been successfully developed because PTH, like many other hormonally active peptides, degrades rapidly in the intestinal tract when taken orally. EB612 is a synthetic form of the first 34 amino acids of human PTH to which we have applied our proprietary technology. This technology permits oral administration, enabling more frequent dosing throughout the day and greater sensitivity and flexibility in dosing than injectable formulations of PTH. The carrier molecule and selection of protease inhibitors that are used in our technology are well-characterized and have been used in large clinical trials. We have attempted to optimize EB612 to enable the most cost effective and safest formulation while maintaining the required effect. These components, when used separately, have been shown to be safe in doses significantly higher than those used in the clinical trials for our current product candidates.

We believe that EB612 will have inherent advantages compared to injectable forms, including convenience of administration without any special preparation of the medication and convenience of storage (room temperature or refrigeration for long term storage). Additionally, based on the results of our preliminary studies, we believe that EB612 will have an enhanced clinical profile as compared to Natpara, with an additional positive effect on elevated urinary calcium, as well as reduced side effects. If our preliminary results are borne out in additional clinical trials, we believe this combination of advantages and long term clinical benefits will be compelling to both patients and physicians.

EB612 Hypoparathyroidism Clinical Trials

We demonstrated with earlier formulations of what now is EB613 a large body of evidence in Phase 1 studies, which included a Phase 1a clinical trial with multiple formulations of our oral PTH to evaluate safety and collect bioavailability, PK and PD data in 42 healthy volunteers, and an extended Phase 1b clinical trial in an additional 30 volunteers to test a variety of manufacturing technologies with multiple formulations, administration parameters and dosing regimens of our oral PTH. These earlier data and oral PTH formulations led to several Phase 2 studies evaluating a number of EB612 formulations in hypoparathyroidism patients.

Phase 2a Clinical Trial

In 2015, we successfully completed a multicenter Phase 2a clinical trial of EB612 in hypoparathyroidism patients. This study demonstrated the safety and tolerability of EB612 administered four times daily for 16 weeks to patients with hypoprathyroidism. In this study, patients were titrated up to a maximum of 12 EB612 0.75 mg tablets a day (total daily dose of 9 mg) by the investigator, according to each subject's albumin-adjusted serum calcium (ACa), and supplement treatment regimen. Of the 19 enrolled subjects, 17 completed the trial (of which 15 were per protocol). No drug-related serious adverse events were reported and most of the adverse events were not considered study drug-related.

The study achieved its primary and secondary endpoints, including a reduction in calcium supplements, reductions in serum phosphate and 24-hour urine calcium excretion, maintenance of ACa within the reference range, and an improvement in quality of life. Specific results of this trial included:

- A significant reduction of 42% (p=0.001) from baseline in median calcium supplement use;
- Maintenance of median ACa levels above the lower target level for HypoPT patients (>7.5 mg/dL) throughout the study;
- A rapid decline of 23% (p=0.0003) in median serum phosphate levels 2 hours following the first dose that was maintained within the normal range for the duration of the study;
- A notable median decrease of 21% (p=0.07) in 24-hour urine calcium excretion between the first and last treatment days; and
- An increase in quality of life score of 5% (p=0.03) from baseline by the end of the treatment period.

Based on a review of the clinical data presented in Natpara's REPLACE trial and our Phase 2a results, we believe EB612 potentially provides a more favorable therapy for hypoparathyroidism patients. Although our Phase 2a trial involved a smaller number of patients (N=15 vs. N=84 + 40 placebo), lasted for a shorter duration (four months vs. six months) and did not include a dose optimization period of ~2 - 16 weeks prior to treatment initiation, our results showed a greater absolute reduction in calcium supplements (1278 ±880mg vs. 1152 ±1219mg) while the patients' albumin adjusted serum calcium increased slightly as opposed to a slight decrease in the REPLACE trial (baseline vs. end of treatment). The results of this trial were published in the *Journal of Bone and Mineral Research* in the first quarter of 2021.

Phase 2 PK/PD Clinical Trial

We initiated a two-part Phase 2 PK/PD trial in 2014. This trial was designed to provide a bridge from our completed Phase 2a trial, which was conducted prior to the marketing approval of Natpara, and our planned future clinical trials, and to also allow us to better understand the relative strength and dose of our product as compared to the marketed product, Natpara. This trial was also intended to provide valuable comparative data to Natpara that will further inform the design of a potential Phase 2b/3 clinical trial. The relevant endpoints for the PK/PD trial included an examination of levels of PTH (1-34), PTH (1-84) (Natpara), serum calcium, serum phosphate, urinary calcium and urinary phosphate.

In November 2018 we announced the completion of part I of this Phase 2 PK/PD trial to evaluate the PK/PD profile of various EB612 dose regimens, while comparing such various dose regimens with Natpara. In Part I of the trial, ten patients with hypoparathyroidism completed two three-day in-patient visits. Throughout each of these three-day visits, patients remained on their current standard medications. On the first day of each visit (baseline) patients received no additional treatments. On day two, patients were randomized to receive one of three treatments: EB612 twice a day (BID), four times a day (QID), or Natpara* once a day (QD). On day three, patients did not receive any additional treatments. In the second three-day visit, patients were again randomized on day two to receive one of the treatment regimens they had not received previously. Throughout the three-day visits, patients were continuously monitored clinically, and PTH, calcium, phosphate, and the hormonal metabolite of vitamin D (1,25- dihydroxyvitamin D) levels were measured. PTH has several well-known physiological effects. It increases serum calcium, decreases serum phosphate, increases reabsorption of calcium in the kidney, where it also increases 1,25-dihydroxyvitamin D synthesis.

Results from Part 1 of the PK/PD trial of Oral PTH (1-34) (QID) treatment included: (i) an increase in the serum calcium by an average of approximately 0.3 mg/dL over baseline, with such increase maintained over a 24-hour period; (ii) a decrease in serum phosphate by an average of 0.5 mg/dL below baseline with such decrease maintained over a 24-hour period; (iii) an increase in average levels of serum active vitamin D of approximately 90% on the day of treatment as compared to baseline; and (iv) a decrease in average levels of 24-hour urinary calcium of approximately 30% on the day of treatment as compared to baseline. An initial analysis of the Part 1 data suggested that the QID regimen provided a greater effect on all of the parameters measured as compared to the BID regimen. The concentration of PTH (1-34) in blood after administration of Oral PTH (1-34) in the current trial was sufficient to produce the observed pharmacodynamic effects and did not induce hypercalcemia. No serious adverse events were reported in the trial.

The second and final part of this PK/PD trial evaluated a variety of dosing treatment regimens with a high and low dose of EB612 as well as Natpara with patients also receiving calcium supplements and either alfacalcidol or calcitriol. In September 2019 we presented the results of Part 2 of this PK/PD trial at the American Society for Bone and Mineral Research (ASBMR) Annual Meeting. The trial conclusions noted that EB612 2.25 mg QID for one day is associated with an increase in serum albumin-corrected calcium and 1,25(OH)2D (1,25-dihydroxyvitamin D), a decrease in serum phosphate, and a decrease in urinary calcium in patients with hypoparathyroidism. EB612 produced similar biological effects to Natpara 100 µg QD, the highest dose of hPTH (1-84) currently indicated for use in patients with hypoparathyroidism, on serum calcium, phosphate and vitamin D. Additionally, EB612 resulted in a decrease in urinary calcium. These changes in serum PD parameters were sustained over the 24-hour period of observation from time zero. BID, TID and QID regimens showed a dose-dependent increase in 1,25(OH)2D indicating that the long-term treatment, even with the less frequent dosing regimens, may be an effective treatment option for those patients suffering from less severe hypoparathyroidism. Furthermore treatment with Oral hPTH (1-34) dosed at multiple times during the day has the potential to reduce calciuria generally associated with maintenance of serum calcium within the normal range using calcium supplements and calcitriol analogs alone. There were no treatment-emergent adverse events of hypercalcemia, as well as no treatment-emergent Serious Adverse Events reported in the trial.

Planned Additional Clinical Development and Regulatory Pathway

In the future, after the completion of additional formulation and development activities to inform our final formulations, and subject to available funds, we expect to initiate a Phase 2b/3 clinical trial of EB612 for the treatment of hypoparathyroidism, which will further evaluate the dosage, effectiveness and safety profile of EB612 in an expanded population of patients with hypoparathyroidism conducted at multiple trial sites. We expect that this Phase 2b/3 trial, when initiated, will be designed to replicate the REPLACE trial in many aspects and to achieve a significant reduction in urinary calcium. The phase 2b/3 clinical trial of EB612 in hypoparathyroidism may potentially support a submission for regulatory approval of EB612, if successful.

The Phase 2b/3 trial will likely be designed as a placebo controlled trial with a “rescue” provision for patients who have substantial persistent symptoms, hyperphosphatemia, hypocalcemia or hypercalciuria. The planned primary endpoints will be the proportion of patients obtaining a serum calcium and phosphate within a “target” range, reducing hypercalciuria and from a safety perspective, the incidence of clinically important hypercalcemia and decreased renal function adverse events. The trial will also compare the reduction in calcium intake, reduction in active vitamin D in each treatment group. Secondary endpoints include mean absolute levels of serum calcium and serum phosphate.

In April 2014, we received orphan drug designation from the FDA for our oral PTH in hypoparathyroidism. If a product receives the first FDA approval of human PTH (1-34) for the indication for which it has orphan designation, the product is entitled to orphan drug exclusivity, which means that FDA may not approve any other application to market the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the product with orphan exclusivity or where the manufacturer is unable to assure sufficient product quantity. In January 2015, the FDA approved Natpara, an injectable form of PTH, for hypoparathyroidism, and awarded Natpara orphan drug exclusivity until January 23, 2022. While Natpara has orphan drug exclusivity for hypoparathyroidism, we believe that we will be able to demonstrate that our oral formulation of PTH is clinically superior to Natpara in that it demonstrates greater effectiveness is safer than Natpara or that it otherwise makes a major contribution to patient care. Therefore, we believe that Natpara's orphan drug exclusivity will not prevent the FDA from approving our BLA for EB612. In June 2016, we received approval from the EMA granting orphan status to our oral PTH in Europe.

Development and License Agreements

In addition to the development of our product candidates, we have a research collaboration and license agreement with Amgen, combining our proprietary drug delivery platform with drugs selected by Amgen to create new products. Pursuant to the agreement, in January 2019, we received a non-refundable and non-creditable initial technology access fee of $725,000 from Amgen of which $500,000 was attributed to the right to use the intellectual property and $225,000 was attributed to the pre-clinical R&D services that we are obligated to perform under the agreement. We are eligible to receive from Amgen aggregate payments of up to $270 million upon achievement of various clinical and commercial milestones or Amgen's exercise of options to select up to two additional programs to include in the collaboration, as well as tiered royalty payments ranging from the low to mid single digits based on the level of Amgen's net sales of the applicable products. During 2020 through March 16, 2021, we received an additional aggregate amount of $518,000 from Amgen for research and development services. The agreement is exclusive only to the specific drug candidates that are developed and discovered under the collaboration program, leaving us the rights to commercialize and develop products with other drugs using our proprietary technology while also allowing Amgen to retain all rights to its certain large molecules and any subsequent improvements. The first prospective product under the agreement with Amgen is currently in the preclinical and research and development phase. Under the agreement, we will engage in preclinical development at Amgen's expense and Amgen will conduct all research, clinical development, manufacturing and commercialization activities.

Additional Research and Development

Future Development of Orally Delivered Large Molecule Therapeutics

We intend to use our technology as a platform for the oral delivery of low-bioavailability therapeutics, which may include proteins and other large molecule therapeutics as well as small molecules with very low absorption due to poor permeability properties (BCS class 3 drugs). We have conducted initial feasibility studies with a number of candidates, and intend to commence clinical development for our next, non-PTH, product candidate in the future.

We expect that the key criteria in selecting our next clinical candidate will include: the size of the molecule and other chemical characteristics that would benefit from our technology, whether the molecule is best delivered through the intestinal tract rather than through injection, and the drug's dosing schedule, more specifically, whether it is prescribed for at least three months and would likely be best administered at least once a day. Additionally, we may target large proteins that are prone to inducing damaging immune responses when injected subcutaneously. In some cases, the immune response to the injection is so severe as to reduce or eliminate all physiological effect of the drug upon the illness. We are also considering whether to partner the development of any such additional product candidates and are in early stage discussions with a number of external parties.

Bone Healing/Non-Union Fractures

Currently, no pharmacological treatments are available that have been approved to either stimulate bone healing, treat delayed union fractures or treat patients with non-union following a fracture. A number of studies suggest that PTH could be beneficial in the treatment of such fractures, to potentially speed union and/or reduce the risk of non-union. This is due to the fact that PTH increases the activity and number of osteoblasts, which are responsible for bone formation, making it a potential treatment when bone healing is delayed. While surgery is generally required to treat patients with established fracture non-union, PTH might improve likelihood of a favorable surgical outcome. PTH could thus be a potentially new treatment option for the induction of bone healing after a fracture. Non-union fractures occur when the normal process of bone healing fails or is greatly delayed. Note the fracture malunion refers to a fracture that heals, but with an important abnormal structure or alignment of the bone fragments. By definition, a non-union fracture will not heal on its own. Most non-union fractures require surgery, which can involve bone grafts or stabilizing the affected bone by affixing rods, plates or screws. Risks of surgery include neurovascular injury, infection and hemorrhage.

In the United States, there are approximately seven million new fractures each year, with approximately 300,000 delayed union or non-union fractures. Estimates for the average non-union treatment costs vary from approximately $25,000 to $45,000.

Depending on the nature of the fracture, non-surgical solutions can include electrical stimulation or fitting external braces. Other more experimental techniques exist as well, including ultrasound stimulation, which has been approved by the FDA for treating fresh fracture since the 1990s. Unlike the rigorous requirements for new drug approval, the FDA has not required the same level of evidence for the efficacy of devices used to treat a medical condition. The major drawbacks of the more traditional methods are invasiveness and the risks inherent with surgery. In addition, bone grafting is associated with considerable morbidity, including chronic pain, injury to nerves and muscles and blood loss. Surgical cost is another significant concern. Experimental techniques, such as stimulation of the bone with electricity or sound show some promise for healing, but data demonstrating its effectiveness remains limited.

Our Potential Solution for Non-union or Delayed-Union of Fractures

We intend to investigate the efficacy of EB613 for delayed-union or non-union fractures. We may either pursue fracture treatment as an additional use of EB613 or further modify the formulation if studies suggest we could achieve a PK profile that is more efficacious for bone fractures. As treatment of non-union fractures and bone healing may entail three to six months of treatment, we believe the acceptance of oral PTH will be higher than other potential pharmacological alternatives that require injections.

Intellectual Property

Our success depends in part on our ability to protect the proprietary nature of our product candidates, technology, and know-how; operate without infringing on the proprietary rights of others; and prevent others from infringing on our proprietary rights. We seek to protect our proprietary position by, among other methods, seeking patent protection in the United States and in certain other jurisdictions for our product candidates and other technology that we consider important to the development of our business, where such protection is available. We believe that our success will depend in part on our ability to obtain patent protection for our intellectual property. We also intend to rely on trade secret protection, know-how and the exploitation of in-licensing opportunities to develop our proprietary position.

Patent Rights

As of December 31, 2020, our global patent portfolio included the following patents and patent applications:

Patents claiming compositions comprising a protein, an absorption enhancer and a protease inhibitor as well as methods for oral administration of a protein with an enzymatic activity, which compositions cover EB612 and EB613, have been issued in the United States, the EU, Australia, Japan, China, Israel, Canada, New Zealand and Russia. Related patent applications are pending in the United States, the EU, Hong Kong, Brazil, China and India. Specifically, in the United States, Australia, Japan, China, Hong Kong, Israel and Russia divisional or continuation patent applications have been filed to specifically cover PTH. Patents specifically covering PTH have already been granted in the United States, the EU, Australia, Israel, Russia and Japan. Applications in the remaining jurisdictions are pending. The current issued patents in the United States and China are limited to insulin. These issued patents and any patents that may issue from the pending patent applications are currently expected to expire in August 2029, assuming all annuity and maintenance payments are paid thereon. Rights to these patents and patent applications were assigned to us pursuant to the Patent Transfer Agreement with Oramed.

Three patent applications filed in various jurisdictions, which we believe, if issued as patents containing substantially the same claims as those in the applications, would cover certain oral administration technologies. The mentioned technologies include compositions and drug delivery devices which utilize an absorption enhancer to enable the absorption of a therapeutically active agent in a controlled manner. We believe that certain of the pending claims contained in these patent applications, if issued in substantially the same form, would cover the formulations of EB612 and EB613. An application covering certain formulations with a controlled absorption profile was filed in the United States, the EU, Canada, Hong Kong, Israel and Mexico. Another application covering certain formulations for co-administration with an antacid or protease inhibitor was filed in the United States, the EU, Canada and Hong Kong (the application in the United States has been granted, and a divisional application has been filed therein). Any patents that issue from these patent applications are expected to expire in February 2036, assuming all annuity and maintenance payments are paid thereon. Another application covering certain formulations and regimens was filed in the United States, the EU, Australia, Brazil, Canada, China, Hong Kong, India, Israel, Japan, Mexico, New Zealand, Singapore, South Africa and South Korea. Any patents that issue from this patent application are expected to expire in August 2037, assuming all annuity and maintenance payments are paid thereon.

Three patent applications filed in various jurisdictions, which we believe, if issued as patents containing substantially the same claims as those in the applications, would contain method of treatment claims covering the use of orally administered PTH for the treatment of osteoporosis (filed in the United States, the EU, Canada, China, Hong Kong, Israel and Japan), hypoparathyroidism (filed in the United States, the EU, Brazil, Canada, Hong Kong, Israel and Japan) and bone fractures and related conditions (filed in the United States, the EU, Canada and Hong Kong). Any patents that issue from these patent applications are expected to expire in February 2036, assuming all annuity and maintenance payments are paid thereon.

Three patent applications, which we believe, if issued as national stage patents containing substantially the same claims as those in the applications, would cover certain oral administration technologies. The mentioned technologies include compositions and drug delivery devices which utilize an absorption enhancer to enable the absorption of a therapeutically active agent in a controlled manner. We believe that certain of the pending claims contained in these patent applications, if issued in substantially the same form, would cover the formulations of EB612 and EB613. Any patents that issue from these patent applications are expected to expire in February 2036 or August 2037, as described hereinabove, assuming all annuity and maintenance payments are paid thereon.

The term of individual patents depends upon the legal term for patents in the countries in which they are granted. In most countries, including the United States, the patent term is generally 20 years from the earliest claimed filing date of a non-provisional patent application in the applicable country. In the United States, a patent's term may, in certain cases, be lengthened by patent term adjustment, which compensates a patentee for administrative delays by the USPTO in examining and granting a patent, or may be shortened if a patent is terminally disclaimed over a commonly owned patent or a patent naming a common inventor and having an earlier expiration date. The Hatch-Waxman Act, permits a patent term extension of up to five years beyond the expiration date of a U.S. patent as partial compensation for the useful patent term lost, if any, during the FDA regulatory review process. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of the product's approval by the FDA. The patent term extension period is generally one-half the time between the effective date of the IND and the submission date of the NDA for the product, plus the time between the submission date of the NDA and the approval of the application. Only one patent applicable to an approved drug is eligible for the extension and the application for the extension must be submitted prior to the expiration of the patent. Only those claims covering the approved drug, a method for using it or a method for manufacturing it may be extended. Moreover, we may not receive an extension because of, for example, failing to apply within applicable deadlines, failing to apply prior to expiration of relevant patents or otherwise failing to satisfy applicable requirements. Similar provisions are available in the EU and certain other foreign jurisdictions to extend the term of a patent that covers an approved drug. However, the length of any extension, if granted, could be less than we request.

Trade Secrets

In addition to patent rights, we also rely on unpatented trade secrets and know-how to protect our proprietary technology. However, trade secrets can be difficult to protect. We seek to protect our proprietary technology, in part, by entering into confidentiality agreements with our employees, consultants, contractors, manufacturers, outside scientific collaborators and sponsored researchers, members of our board of directors, technical review board and other advisors upon their engagement. These agreements generally provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not to be disclosed to third parties except in specific limited circumstances. We also generally require signed confidentiality or material transfer agreements from any company that is to receive our confidential information. In the case of employees, consultants, and contractors, the agreements also generally provide that all inventions conceived by the individual while rendering services to us shall be assigned to us as our exclusive property. There can be no assurance, however, that we have entered into agreements with all applicable parties, that all persons who we desire to sign such agreements will sign, or if they do, that such agreements will not be breached, that we would have adequate remedies for any breach, or that our unpatented trade secrets or know-how will not otherwise become known or be independently developed by competitors. Additionally, to the extent that our commercial partners, collaborators, employees, and consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. For this and a more comprehensive discussion of risks related to our intellectual property, see "Item 3.D.–Risk Factors—Risks Related to Our Intellectual Property."

Commercialization Strategy

Our current main focus is developing an oral PTH (1-34) for the treatment of osteoporosis and orphan indications, and specifically, EB613 for the treatment of osteoporosis and EB612 for the treatment of hypoparathyroidism. EB613 and EB612 are two drug candidates based on oral PTH (1-34), with significantly distinct treatment approaches. In the future, we may also conduct clinical trials of EB613 for the treatment of non-union fractures. We are also investigating the application of our oral drug delivery platform to other FDA-approved proteins or large molecule therapeutics where oral dosing could either increase the total addressable market or capture a large share of an existing market due to the potential improvements in convenience, compliance and cost resulting from an orally delivered drug relative to an injectable product. In addition, we intend to explore additional collaborations that leverage our technology platform such as our collaboration agreement with Amgen. Under the agreement with Amgen, the parties will collaborate for the development and discovery of clinical candidates in the field of inflammatory disease and other serious illnesses. Further, under the terms of the agreement, we will use our proprietary drug delivery platform to develop oral formulations for up to three large molecule biological drug candidates currently being developed by Amgen.

We have not yet established sales, marketing or product distribution operations because our product candidates are in clinical development. We may seek a partner to develop EB613 and EB612, and anticipate that any such partner would be responsible for, or substantially support, late stage clinical trials of both of these lead clinical candidates as well as submitting applications for regulatory approvals and registrations. In our collaboration with Amgen, Amgen is responsible for the research, clinical development, manufacturing and commercialization of any of the resulting programs.

Competition

The medical and pharmaceutical industries in which we operate are highly competitive and subject to rapid and significant technological change and changes in practice. While we believe that our technology, knowledge, experience and scientific resources provide us with competitive advantages, we face competition from many different sources, including large pharmaceutical, specialty pharmaceutical, biotechnology, and generic drug companies and academic and government institutions. We believe that the key competitive factors that will affect the development and commercial success of our oral PTH product candidates for hypoparathyroidism, osteoporosis and non-union fractures, and any other product candidates that we develop, are the efficacy, safety and tolerability profile, convenience in dosing, product labeling, price and availability of reimbursement from the government and other third-parties. Our commercial opportunity could be reduced or eliminated if our competitors have products that are better in one or more of these categories.

We expect that, if approved, our oral PTH product candidates for hypoparathyroidism, osteoporosis and non-union fractures, and other product candidates that we develop, would compete with a number of existing products. Furthermore, we believe that we face competition with regard to our oral drug delivery platform, as we believe that other non-invasive medical drug delivery technologies, including alternative oral delivery systems as well as transdermal patches, are being developed by other parties. Many of our potential competitors have substantially greater financial, technical, commercial and human resources than we do and significantly more experience in the discovery, development and regulatory approvals of product candidates, and the commercialization of those products. Accordingly, our competitors may be more successful than us in obtaining FDA approval for product candidates and achieving widespread market acceptance. See “Item 3.D.–Risk Factors—Risks Related to Commercialization of Our Product Candidates.”

EB613 for Osteoporosis

Current treatments for osteoporosis generally fall into two categories: antiresorptive medications to slow bone loss and anabolic medications to increase the rate of bone formation. The global osteoporosis drug market has traditionally been dominated by bisphosphonates, which slow bone loss. Although bisphosphonates’ market share has declined due to the occurrence of serious side effects, as well as the introduction of newly developed pharmacological treatments, many of the new drugs have serious side effects of their own. Eli Lilly’s Forteo, is one of the most effective osteoporosis medications, and newer products such as Prolia® and EVENITY® have been launched by Amgen. We anticipate that our product candidate EB613 if approved, will compete with Forteo, Prolia and EVENITY. We believe that EB613 may prove to be superior to Forteo due to its oral administration, potentially leading to greater patient acceptance and its sharper pharmacokinetic profile which is expected to have more potent anabolic effect. However, our competitors in this market are large pharmaceutical companies with greater resources than us and the alternatives therapies have been on the market for many years and have widespread market acceptance.

EB612 for Hypoparathyroidism

Historically, the treatments for hypoparathyroidism have been calcium supplements, vitamin D supplements and phosphate binders. However there are many serious side effects that result from the chronic use of high doses of these products. Our product candidate EB612 is designed to deliver PTH to hypoparathyroid patients to directly address the underlying PTH deficiency. Because our product would be a branded pharmaceutical, in contrast to the over-the-counter supplements currently used by those with the condition, we believe that the market acceptance will be strongest among patients whose disease is not well-controlled by over-the-counter supplements, or in those patients who continue to suffer from side effects associated with therapy or symptoms associated with poor management of their condition.

We believe that our key competitor in hypoparathyroidism treatment is Natpara, an injectable bioengineered recombinant form of PTH (1-84) that was approved by the FDA in January 2015. Natpara has been granted orphan drug designation for hypoparathyroidism by the FDA as the first approved product for this indication and has orphan drug market exclusivity for seven years in the U.S. Orphan drug market exclusivity means that the FDA may not approve any other application to market the same drug for the same indication for a period of seven years, except in limited circumstances, such as a showing of clinical superiority over the product with orphan exclusivity or where the manufacturer is unable to assure sufficient product quantity. Therefore, we will only be able to obtain regulatory approval for EB612, which also has orphan drug designation for hypoparathyroidism, if we demonstrate EB612's clinical superiority over Natpara. For example, EB612 would need to demonstrate either greater effectiveness or safety than Natpara or that it otherwise makes a major contribution to patient care. We believe that we will be able to demonstrate that our oral formulation of PTH is clinically superior to Natpara in terms of efficacy and safety, and therefore, that Natpara's orphan drug exclusivity will not prevent the FDA from approving our NDA for oral PTH prior to the expiration of Natpara's market exclusivity period and subject to the successful completion of clinical development and acceptance of our NDA.In 2019, Natpara was recalled due to certain product format issues, and is not anticipated to fully return to the market until later in 2021.

In addition, Ascendis Pharma has reported that it is developing a long-acting, oral prodrug formulation of PTH for the treatment of hypoparathyroidism. In 2020, Ascendis reported top-line results from a global Phase 2 trial in 2020 that indicated potential use of its product, TransCon PTH, demonstrated normalization of quality of life, and its potential as a hormone replacement therapy for hypoparathyroidism. Ascendis Pharma also indicated its intention to advance Transcon PTH into Phase 3 clinical development. Other companies and groups that are developing or commercializing therapies for hypoparathyroidism, include Chugai Pharmaceutical Co., Ltd., Extend Biosciences Inc., Massachusetts General Hospital, Alizé Pharma and Eli Lilly.

The Israeli Innovation Authority (IIA) Grants

We have received grants of approximately $0.5 million from the IIA to partially fund our research and development. The grants are subject to certain requirements and restrictions in the Research Law. In general, until the grants are repaid with interest, royalties are payable to the Israeli government in the amount of 3% on revenues derived from sales of products or services developed in whole or in part using the IIA grants, including EB612, EB613 and any other oral PTH product candidates we may develop. The royalty rate may increase to 5%, with respect to approved applications filed following any year in which we achieve sales of over $70 million.

The amount that must be repaid may be increased to three times the amount of the grant received, and the rate of royalties may be accelerated if manufacturing of the products developed with the grant money is transferred outside of the State of Israel. As of December 31, 2020, the total royalty amounts payable to the IIA, including accrued interest, was approximately $0.5 million. As of December 31, 2020, we paid royalties in the amount of $54,000 to the IIA.

In addition to paying any royalties due, we must abide by other restrictions associated with receiving such grants under the Research Law that continue to apply even following repayment to the IIA. These restrictions may impair our ability to outsource manufacturing, engage in change of control transactions or otherwise transfer our "know-how" (in its meaning under the Research Law) in or outside of Israel, and may require us to obtain the approval of the IIA for certain actions and transactions and pay additional royalties and other amounts to the IIA. We may not receive the required approvals for any proposed transfer and, even if received, we may be required to pay the IIA a portion of the consideration that we receive upon any transfer of such technology to a non-Israeli entity up to 600% of the grant amounts and the interest. The IIA approved the Company's Research Collaboration and License Agreement with Amgen Inc. as of December 2018, subject to payments to the IIA in the rate of 5.38% out of any payment received from Amgen for the license and up to a total amount of six times the amount of the IIA funding and the interest. In addition, as disclosed under "Item 4.B.–Business overview - Manufacturing," we have signed a contract with a U.K.-based contract manufacturing organization, to produce and supply pills for trials performed worldwide. We believe that, because production is not being done for commercial purposes, the entry into the production agreement in the U.K. will not affect the royalty rates to be paid to the IIA. Should it turn out that this position is not acceptable to the IIA, the maximum royalties to be paid to the IIA will be three times the amount of the grants and the interest. In addition, any change of control and any change of ownership of our Ordinary Shares that would cause a non-Israeli citizen or resident to become an interested party as defined in the Research Law (which includes any person who holds 5% or more of our outstanding shares), requires written notice to the IIA. Such a non-Israeli interested party is required to sign an undertaking towards the IIA in which it undertakes to comply with the Research Law. If we fail to comply with the Research Law, we may be forced to return the grants and/or be subject to other payments to the IIA, monetary fines and/or criminal charges.

Oramed Patent Transfer Agreement

In 2010, in connection with our establishment as a joint venture between D.N.A Biomedical and Oramed, a subsidiary of Oramed Pharmaceuticals, Inc., we entered into a patent license agreement with Oramed pursuant to which Oramed granted us a worldwide, royalty-bearing, exclusive, irrevocable, perpetual and sub-licensable license under certain Oramed patent rights, to develop, manufacture and commercialize products for certain indications to be specified by us and Oramed, other than diabetes, obesity and influenza. In February 2011, D.N.A Biomedical and Oramed entered into a share purchase agreement for the sale by Oramed to D.N.A Biomedical of 47% of our Ordinary Shares. In connection with this transaction, in February 2011 we entered into a Patent Transfer Agreement with Oramed, to replace the original 2010 license agreement.

Pursuant to the terms of the Patent Transfer Agreement, Oramed assigned to us all of its right, title and interest in the previously licensed patent rights, and in return we granted to Oramed a worldwide, royalty-free, exclusive, irrevocable, perpetual and sublicensable license under the assigned patent rights to develop, manufacture and commercialize products or otherwise exploit such patent rights in the fields of diabetes and influenza. Additionally, we agreed not to engage, directly or indirectly, in any activities in the fields of diabetes and influenza. In consideration for such assignment, we agreed to pay Oramed royalties equal to 3% of our net revenues generated, directly or indirectly, from exploitation of the assigned patent rights, including the sale, lease or transfer of the assigned patent rights or sales of products or services covered by the assigned patent rights. Either party may terminate the Patent Transfer Agreement for the other party's uncured material breach upon 45 days' written notice (and immediately upon written notice in the event of an incurable breach), or if the other party undergoes certain insolvency-related events. The royalty obligations imposed on us will survive termination of the Patent Transfer Agreement.

Manufacturing

We do not own or operate facilities for large scale product manufacturing, storage and distribution, or testing, nor do we expect to in the future. Our current facility is limited to small-mid scale manufacturing, storage and distribution of materials and oral drug formulations for clinical studies. Our facility has ISO:9001:2015 quality management systems accreditation from The Standards Institution of Israel for the production and development of functional excipients for oral drug formulations to be used in clinical trials. The facility includes a dedicated Class D clean room for tablet production and a dedicated chemical synthesis room designed to meet ISO 8 specifications.

Our manufacturing activities include the chemical synthesis of one of our non-active but functional drug components in our facility. In addition, we have a contract with a U.K.-based contract manufacturing organization, to produce and supply pills for trials performed worldwide including formulation and production of the final drug, packaging, storage and distribution. The UK facility is an FDA/EMA inspected-GMP site and we expect future clinical studies with our oral PTH (1-34) tablets, as well as the potential commercial supply, if approved, will be provided by the same subcontractor. This contract is not exclusive and we may enter into additional contracts. Our QA/QC analytical laboratory performs part of the release and stability testing for PTH tablets manufactured by the U.K.-based contract manufacturing facility. In addition, our research and development team supports the manufacturing activities and develops/optimizes analytical methods used by the contract manufacturer in order to meet regulatory requirements for our clinical trials. Various materials included in the drug formulation and materials procured for the chemical synthesis are commercially available from various accredited suppliers. We do not have supply contracts with all such vendors and are not bound to any specific vendor at this point in time. However, it is our intention to complete such contracts in anticipation of commercial manufacturing activities, so that if approved, we will have such contracts in place.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and in other countries and jurisdictions, including the EU, extensively regulate, inter alia, the research, development, testing, manufacture, pricing, quality control, approval, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, post-approval monitoring and reporting, and import and export of pharmaceutical products. The processes for obtaining regulatory approvals in the United States and in other countries and jurisdictions, along with subsequent compliance with applicable statutes and regulations and other regulatory authorities, require the expenditure of substantial time and financial resources.

Review and Approval of Drugs in the United States

In the United States, our product candidates are regulated by the FDA as drugs under the Federal Food, Drug, and Cosmetic Act, or the FDCA, the Public Health Service Act, or the PHSA, and regulations implemented by the agency. The failure to comply with the applicable requirements at any time during the product development process, including preclinical testing, clinical testing, the approval process or post-approval process, may subject an applicant to delays in the conduct of clinical trials, regulatory review and approval, and/or administrative or judicial sanctions. These sanctions may include, but are not limited to, the FDA's refusal to allow an applicant to proceed with clinical testing, refusal to approve pending applications, license suspension or revocation, withdrawal of an approval, warning letters, adverse publicity, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, and civil or criminal investigations and penalties brought by the FDA or Department of Justice, or other governmental entities.

The process required by the FDA before a biologic may be marketed in the United States generally involves satisfactorily completing each of the following steps:

- preclinical laboratory tests, animal studies and formulation studies all performed in accordance with the FDA's Good Laboratory Practice regulations;
- submission to the FDA of an IND application for human clinical testing, which must become effective before human clinical trials may begin;
- approval by an independent IRB, representing each clinical site before each clinical trial may be initiated;
- performance of adequate and well-controlled clinical trials to establish the safety and efficacy of the product candidate for each proposed indication and conducted in accordance with GCP requirements;

- submission of data supporting safety and efficacy as well as detailed information on the manufacture and composition of the product in clinical development and proposed labeling;
- preparation and submission to the FDA of a NDA;
- review of the product by an FDA advisory committee, where appropriate or if applicable;
- satisfactory completion of one or more FDA inspections of the manufacturing facility or facilities, including those of third parties, at which the product, or components thereof, are produced to assess compliance with cGMP requirements and to assure that the facilities, methods and controls are adequate to preserve the product's identity, strength, quality and purity;
- satisfactory completion of any FDA audits of the non-clinical and clinical trial sites to assure compliance with GCP requirements and the integrity of clinical data in support of the NDA;
- payment of user fees and securing FDA approval of the NDA for the proposed indication; and
- compliance with any post-approval requirements, including risk evaluation and mitigation strategies, or REMS, and any post-approval studies required by the FDA.

Preclinical Studies and Investigational New Drug Application

Preclinical tests include laboratory evaluations of product chemistry, formulation and stability, as well as studies to evaluate the potential for efficacy and toxicity in animals. The conduct of the preclinical tests and formulation of the compounds for testing must comply with federal regulations and requirements. The results of the preclinical tests, together with manufacturing information and analytical data, are submitted to the FDA as part of an IND application. Some preclinical tests may continue even after submission of the IND application. The IND automatically becomes effective 30 days after receipt by the FDA, unless before that time the FDA raises concerns or questions about the product or conduct of the proposed clinical trial, including concerns that human research volunteers will be exposed to unreasonable health risks. In that case, the IND sponsor and the FDA must resolve any outstanding FDA concerns before the clinical trial can begin.

As a result, submission of the IND may result in the FDA not allowing the clinical trials to commence or allowing the clinical trial to commence on the terms originally specified by the sponsor in the IND. If the FDA raises concerns or questions either during this initial 30-day period, or at any time during the IND process, it may choose to impose a partial or complete clinical hold. This order issued by the FDA would delay either a proposed clinical trial or cause suspension of an ongoing clinical trial, until all outstanding concerns have been adequately addressed and the FDA has notified the company that investigations may proceed. This could cause significant delays or difficulties in completing planned clinical trials in a timely manner.

Clinical Trials

Clinical trials involve the administration of the investigational product candidate to healthy volunteers or patients with the disease to be treated under the supervision of a qualified principal investigator in accordance with cGCP requirements. Clinical trials are conducted under trial protocols detailing, among other things, the objectives of the clinical trial, inclusion and exclusion criteria, the parameters to be used in monitoring safety and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND.

A sponsor who wishes to conduct a clinical trial outside the United States may, but need not, obtain FDA authorization to conduct the clinical trial under an IND. If a clinical trial outside the United States is not conducted under an IND, the sponsor may submit data from the clinical trial to the FDA in support of a NDA so long as the clinical trial is conducted consistent with the spirit of GCP and in compliance with an international guideline for the ethical conduct of clinical research known as the Declaration of Helsinki and/or the laws and regulations of the country or countries in which the clinical trial is performed, whichever provides the greater protection to the participants in the clinical trial.

Further, each clinical trial must be reviewed and approved by an IRB either centrally or individually at each institution at which the clinical trial will be conducted. The IRB will consider, among other things, clinical trial design, patient informed consent, ethical factors, the safety of human subjects and the possible liability of the institution. An IRB must operate in compliance with the FDA regulations. The FDA, IRB or the clinical trial sponsor may suspend or discontinue a clinical trial at any time for various reasons, including a finding that the clinical trial is not being conducted in accordance with FDA requirements or the subjects or patients are being exposed to an unacceptable health risk. Clinical testing also must satisfy extensive GCP rules and the requirements for informed consent. Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the clinical trial sponsor, known as a data safety monitoring board or committee. This group may recommend continuing the clinical trial as planned, make changes in clinical trial conduct, or cessation of the clinical trial at designated check points based on access to certain data from the clinical trial.

Clinical trials typically are conducted in three sequential phases, but the phases may overlap or be combined. Annual progress reports detailing the results of the clinical trials must be submitted to the FDA. Additional studies may be required after approval.

- *Phase 1* clinical trials are initially conducted in a limited population to test the product candidate for safety, including adverse effects, dose tolerance, absorption, metabolism, distribution, excretion and pharmacodynamics in healthy humans or, on occasion, in patients, such as cancer patients.

- *Phase 2* clinical trials are generally conducted in a limited patient population to identify possible adverse effects and safety risks, evaluate the efficacy of the product candidate for specific targeted indications and determine dose tolerance and optimal dosage. Multiple Phase 2 clinical trials may be conducted by the sponsor to obtain information prior to beginning larger and more costly Phase 3 clinical trials.

- *Phase 3* clinical trials proceed if the Phase 2 clinical trials demonstrate that a dose range of the product candidate is potentially effective and has an acceptable safety profile. Phase 3 clinical trials are undertaken to further evaluate, in a larger number of patients, dosage, provide substantial evidence of clinical efficacy and further test for safety in an expanded and diverse patient population at multiple, geographically dispersed clinical trial sites. A well-controlled, statistically robust Phase 3 trial may be designed to deliver the data that regulatory authorities will use to decide whether or not to approve, and, if approved, how to appropriately label a drug: such Phase 3 studies are referred to as “pivotal.”

In some cases, the FDA may approve a NDA for a product candidate but require the sponsor to conduct additional clinical trials to further assess the drug’s safety and effectiveness after NDA approval. Such post-approval trials are typically referred to as Phase 4 clinical trials. These studies are used to gain additional experience from the treatment of patients in the intended therapeutic indication and to document a clinical benefit in the case of drugs or biologics approved under accelerated approval regulations. If the FDA approves a product while a company has ongoing clinical trials that were not necessary for approval, a company may be able to use the data from these clinical trials to meet all or part of any Phase 4 clinical trial requirement or to request a change in the product labeling. Failure to exhibit due diligence with regard to conducting Phase 4 clinical trials could result in withdrawal of approval for products.

Compliance with Current Good Manufacturing Practice Requirements

Before approving a NDA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in full compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. The PHSA emphasizes the importance of manufacturing control for products like biologics whose attributes cannot be precisely defined.

Manufacturers and others involved in the manufacture and distribution of products must also register their establishments with the FDA and certain state agencies. Both U.S. and non-U.S. manufacturing establishments must register and provide additional information to the FDA upon their initial participation in the manufacturing process. Any product manufactured by or imported from a facility that has not registered, whether U.S. or non-U.S., is deemed misbranded under the FDCA. Establishments may be subject to periodic unannounced inspections by government authorities to ensure compliance with cGMPs and other laws. Inspections must follow a “risk-based schedule” that may result in certain establishments being inspected more frequently. Manufacturers may also have to provide, on request, electronic or physical records regarding their establishments. Delaying, denying, limiting, or refusing inspection by the FDA may lead to a product being deemed to be adulterated.

Review and Approval of a New Drug Application

The results of product candidate development, preclinical testing and clinical trials, including negative or ambiguous results as well as positive findings, are submitted to the FDA as part of a NDA requesting approval to market the product. The NDA also must contain extensive manufacturing information and detailed information on the composition of the product and proposed labeling as well as payment of a user fee. According to the FDA's fee schedule, the user fee for an application requiring clinical data, such as a NDA, is $2.9 million for 2020. However, we believe that we may apply for, and be granted, a waiver as a small business for the first filing of a NDA for approval.

The FDA has 60 days after submission of the application to conduct an initial review to determine whether it is sufficient to accept for filing based on the agency's threshold determination that it is sufficiently complete to permit substantive review. Once the submission has been accepted for filing, the FDA begins an in-depth review of the application. Under the goals and policies under the Prescription Drug User Fee Act, or the PDUFA, the FDA has ten months from the filing date in which to complete its initial review of a standard application and respond to the applicant, and six months for a priority review of the application. The FDA does not always meet its PDUFA goal dates for standard and priority applications. The review process may often be significantly extended by FDA requests for additional information or clarification. The review process and the PDUFA goal date may be extended by three months if the FDA requests, or the applicant otherwise provides additional information or clarification regarding information already provided in the submission within the last three months before the PDUFA goal date.

Under the FDCA and the PHSA, the FDA may approve a NDA if it determines that the product is safe, pure and potent and the facility where the product will be manufactured meets standards designed to ensure that it continues to be safe, pure and potent.

On the basis of the FDA's evaluation of the application and accompanying information, including the results of the inspection of the manufacturing facilities, the FDA may issue an approval letter or a complete response letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications. If the application is not approved, the FDA will issue a complete response letter, which will contain the conditions that must be met in order to secure final approval of the application, and when possible will outline recommended actions the sponsor might take to obtain approval of the application. Sponsors that receive a complete response letter may submit to the FDA information that represents a complete response to the issues identified by the FDA. Such resubmissions are classified under PDUFA as either Class 1 or Class 2. The classification of a resubmission is based on the information submitted by an applicant in response to an action letter. Under the goals and policies agreed to by the FDA under PDUFA, the FDA has two months to review a Class 1 resubmission and six months to review a Class 2 resubmission from the date of receipt. The FDA will not approve an application until issues identified in the complete response letter have been addressed.

The FDA may also refer the application to an advisory committee for review, evaluation and recommendation as to whether the application should be approved. Typically, an advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

If the FDA approves a new product, it may limit the approved indications for use of the product. It may also require that contraindications, warnings or precautions be included in the product labeling. In addition, the FDA may call for post-approval studies, including Phase 4 clinical trials, to further assess the product's safety after approval. The agency may also require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution restrictions or other risk management mechanisms, including a REMS, to help ensure that the benefits of the product outweigh the potential risks. A REMS can include medication guides, communication plans for healthcare professionals, and elements to assure safe use, or ETASU. ETASU can include, but are not limited to, special training or certification for prescribing or dispensing, dispensing only under certain circumstances, special monitoring, and the use of patent registries. The FDA may prevent or limit further marketing of a product based on the results of post-market studies or surveillance programs. After approval, many types of changes to the approved product, such as adding new indications, manufacturing changes and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Fast Track, Breakthrough Therapy and Priority Review Designations

The FDA is authorized to designate certain products for expedited review if they are intended to address an unmet medical need in the treatment of a serious or life-threatening disease or condition. These programs are fast track designation, breakthrough therapy designation and priority review designation.

Specifically, the FDA may designate a product for fast track review if it is intended, whether alone or in combination with one or more other products, for the treatment of a serious or life-threatening disease or condition, and it demonstrates the potential to address unmet medical needs for such a disease or condition. For fast track products, sponsors may have greater interactions with the FDA and the FDA may initiate review of sections of a fast track product's application before the application is complete. This rolling review may be available if the FDA determines, after preliminary evaluation of clinical data submitted by the sponsor, that a fast track product may be effective. The sponsor must also provide, and the FDA must approve, a schedule for the submission of the remaining information and the sponsor must pay applicable user fees. However, the FDA's time period goal for reviewing a fast track application does not begin until the last section of the application is submitted. In addition, the fast track designation may be withdrawn by the FDA if the FDA believes that the designation is no longer supported by data emerging in the clinical trial process.

Second, in 2012, Congress enacted the Food and Drug Administration Safety and Innovation Act, or FDASIA. This law established a new regulatory scheme allowing for expedited review of products designated as "breakthrough therapies." A product may be designated as a breakthrough therapy if it is intended, either alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. The FDA may take certain actions with respect to breakthrough therapies, including holding meetings with the sponsor throughout the development process; providing timely advice to the product sponsor regarding development and approval; involving more senior staff in the review process; assigning a cross-disciplinary project lead for the review team; and taking other steps to design the clinical trials in an efficient manner.

Third, the FDA may designate a product for priority review if it is a product that treats a serious condition and, if approved, would provide a significant improvement in safety or effectiveness. The FDA determines, on a case-by-case basis, whether the proposed product represents a significant improvement when compared with other available therapies. Significant improvement may be illustrated by evidence of increased effectiveness in the treatment of a condition, elimination or substantial reduction of a treatment-limiting product reaction, documented enhancement of patient compliance that may lead to improvement in serious outcomes, and evidence of safety and effectiveness in a new subpopulation. A priority designation is intended to direct overall attention and resources to the evaluation of such applications, and to shorten the FDA's goal for taking action on a marketing application from ten months to six months.

Accelerated Approval Pathway

The FDA may grant accelerated approval to a product for a serious or life-threatening condition that provides meaningful therapeutic advantage to patients over existing treatments based upon a determination that the product has an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit. The FDA may also grant accelerated approval for such a condition when the product has an effect on an intermediate clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality, or IMM, and that is reasonably likely to predict an effect on irreversible morbidity or mortality or other clinical benefit, taking into account the severity, rarity, or prevalence of the condition and the availability or lack of alternative treatments. Products granted accelerated approval must meet the same statutory standards for safety and effectiveness as those granted traditional approval.

For the purposes of accelerated approval, a surrogate endpoint is a marker, such as a laboratory measurement, radiographic image, physical sign, or other measure that is thought to predict clinical benefit, but is not itself a measure of clinical benefit. Surrogate endpoints can often be measured more easily or more rapidly than clinical endpoints. An intermediate clinical endpoint is a measurement of a therapeutic effect that is considered reasonably likely to predict the clinical benefit of a product, such as an effect on IMM. The FDA has limited experience with accelerated approvals based on intermediate clinical endpoints, but has indicated that such endpoints generally may support accelerated approval where the therapeutic effect measured by the endpoint is not itself a clinical benefit and basis for traditional approval, if there is a basis for concluding that the therapeutic effect is reasonably likely to predict the ultimate clinical benefit of a product.

The accelerated approval pathway is most often used in settings in which the course of a disease is long and an extended period of time is required to measure the intended clinical benefit of a product, even if the effect on the surrogate or intermediate clinical endpoint occurs rapidly. Thus, accelerated approval has been used extensively in the development and approval of products for treatment of a variety of cancers in which the goal of therapy is generally to improve survival or decrease morbidity

and the duration of the typical disease course requires lengthy and sometimes large clinical trials to demonstrate a clinical or survival benefit.

The accelerated approval pathway is usually contingent on a sponsor's agreement to conduct, in a diligent manner, additional post-approval confirmatory studies to verify and describe the product's clinical benefit. As a result, a product candidate approved on this basis is subject to rigorous post-marketing compliance requirements, including the completion of Phase 4 or post-approval clinical trials to confirm the effect on the clinical endpoint. Failure to conduct required post-approval studies, or confirm a clinical benefit during post-marketing studies, would allow the FDA to withdraw the product from the market on an expedited basis. All promotional materials for product candidates approved under accelerated regulations are subject to prior review by the FDA.

Post-Approval Regulation

If regulatory approval for marketing of a product or new indication for an existing product is obtained, the sponsor will be required to comply with post-approval regulatory requirements, including any post-approval requirements that the FDA may have imposed as a condition of approval. The sponsor will be required to report certain adverse reactions and production problems to the FDA, provide updated safety and efficacy information and comply with requirements concerning advertising and promotional labeling requirements. Drug manufacturers and certain of their subcontractors are required to register their establishments with the FDA and certain state agencies, and are subject to periodic unannounced inspections by the FDA and certain state agencies for compliance with ongoing regulatory requirements, including cGMP regulations, which impose certain procedural and documentation requirements upon drug manufacturers. Accordingly, the sponsor and its third-party manufacturers must continue to expend time, money and effort in the areas of production and quality control to maintain compliance with cGMP regulations and other regulatory requirements.

A product may also be subject to official lot release, meaning that the manufacturer is required to perform certain tests on each lot of the product before it is released for distribution. If the product is subject to official release, the manufacturer must submit samples of each lot, together with a release protocol showing a summary of the history of manufacture of the lot and the results of all of the manufacturer's tests performed on the lot, to the FDA. The FDA may in addition perform certain confirmatory tests on lots of some products before releasing the lots for distribution. Finally, the FDA will conduct laboratory research related to the safety, purity, potency, and effectiveness of pharmaceutical products.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Biologics may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

Orphan Drug Designation

Orphan drug designation in the United States is designed to encourage sponsors to develop drugs intended for rare diseases or conditions. In the United States, a rare disease or condition is statutorily defined as a condition that affects fewer than 200,000 individuals in the United States, or that affects more than 200,000 individuals in the United States and for which there is no reasonable expectation that the cost of developing and making available the drug for the disease or condition will be recovered from sales of the drug in the United States.

Orphan drug designation qualifies a company for tax credits, waiver of the NDA user fee and may confer market exclusivity for seven years following the date of the drug's marketing approval, if granted by the FDA, if a product that has orphan designation subsequently receives the first FDA approval of that drug for the disease for which it has such designation. This means that the FDA may not approve any other applications, including NDA to market the same biologic even in a different formulation for the same indication for seven years, except in limited circumstances such as a showing of clinical superiority over the product with orphan drug exclusivity or where the manufacturer is unable to assure sufficient product quantity. An application for designation as an orphan product can be made any time prior to the filing of an application for approval to market the product. A product becomes an orphan product when it receives orphan drug designation from the Office of Orphan Products Development, or OOPD, at the FDA based on acceptable confidential requests made under the regulatory provisions. The product must then go through the review and approval process like any other product.

A sponsor may request orphan drug designation of a previously unapproved product or new orphan indication for an already marketed product. In addition, a sponsor of a product that is otherwise the same product as an already approved orphan drug may seek and obtain orphan drug designation for the subsequent product for the same rare disease or condition if it can present a plausible hypothesis that its product may be clinically superior to the first, approved product. More than one sponsor may receive orphan drug designation for the same product for the same rare disease or condition, but each sponsor seeking orphan drug designation must file a complete request for designation, and only the first sponsor that obtains approval for that drug for the orphan indication will obtain market exclusivity, effectively preventing the FDA from approving products under development by competitors for the same drug and same indication, unless the competitor is able to demonstrate that the product under development is clinically superior to the approved product or the approved product is not available in sufficient quantities. To permit the FDA to end another manufacturer's orphan exclusivity period, the FDA must determine that the manufacturer has demonstrated clinical superiority by showing the later drug is safer, more effective, or otherwise makes a major contribution to patient care.

The period of exclusivity begins on the date that the marketing application is approved by the FDA and applies only to the indication for which the product has been designated. The FDA may approve a second application for the same product for a different use or a subsequent application for a different drug for the same indication. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

Biosimilars and Exclusivity

The ACA, which was signed into law on March 23, 2010, included a subtitle called the Biologics Price Competition and Innovation Act of 2009 or BPCIA. The BPCIA established a regulatory scheme authorizing the FDA to approve biosimilars and interchangeable biosimilars. To date, five biosimilars have been licensed under the BPCIA, although numerous biosimilars have been approved in Europe. The FDA has issued several draft guidance documents outlining an approach to review and approval of biosimilars. Complexities associated with the larger, and often more complex, structures of biological products, as well as the processes by which such products are manufactured, pose significant hurdles to implementation, which are still being worked out by the FDA.

Under the BPCIA, a manufacturer may submit an application for licensure of a biologic product that is "biosimilar to" or "interchangeable with" a previously approved biological product or "reference product." In order for the FDA to approve a biosimilar product, it must find that there are no clinically meaningful differences between the reference product and proposed biosimilar product in terms of safety, purity, and potency. For the FDA to approve a biosimilar product as interchangeable with a reference product, the agency must find that the biosimilar product can be expected to produce the same clinical results as the reference product, and (for products administered multiple times) that the biologic and the reference biologic may be switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date of approval of the reference product. The FDA may not approve a biosimilar product until 12 years from the date on which the reference product was approved. Even if a product is considered to be a reference product eligible for exclusivity, another company could market a competing version of that product if the FDA approves a full NDA for such product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of their product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products.

Patent Term Extension

A patent claiming a new drug or biologic product may be eligible for a limited patent term extension under the Hatch-Waxman Act, which permits a patent extension of up to five years beyond the expiration date of a U.S. patent as partial compensation for the useful patent term lost, if any, during the FDA regulatory review process. However, a patent term extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of the product's approval by the FDA. The patent term extension period granted is typically one-half the time between the effective date of the first IND and the submission date of the NDA for the product, plus the time between the submission date of the NDA and the approval of that application. Only one patent applicable to an approved product is eligible for the extension, and the application for the extension must be submitted prior to the expiration of the patent in question. A patent that covers multiple products for which approval is sought can only be extended in connection with one of the products. The USPTO reviews and approves the application for any patent term extension or restoration in consultation with the FDA.

Regulation Outside the United States

In order to market any product outside of the United States, a company must also comply with numerous and varying regulatory requirements of other countries and jurisdictions regarding quality, safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of drug products. Whether or not it obtains FDA approval for a product, the company would need to obtain the necessary approvals by the comparable non-U.S. regulatory authorities before it can commence clinical trials or marketing of the product in those countries or jurisdictions. The approval process ultimately varies between countries and jurisdictions and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries and jurisdictions might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country or jurisdiction does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country or jurisdiction may negatively impact the regulatory process in others.

Regulation and Marketing Authorization in the European Union

The EMA is the scientific agency of the EU that coordinates the evaluation and monitoring of new and approved medicinal products. It is responsible for the scientific evaluation of applications for EU marketing authorizations, as well as the development of technical guidance and the provision of scientific advice to sponsors. The EMA decentralizes its scientific assessment of medicines by working through a network of about 4,500 experts throughout the EU, nominated by the member states. The EMA draws on resources of over 40 National Competent Authorities of EU member states.

The process regarding approval of medicinal products in the EU follows roughly the same lines as in the United States and likewise generally involves satisfactorily completing each of the following:

- preclinical laboratory tests, animal studies and formulation studies all performed in accordance with the applicable EU Good Laboratory Practice regulations;
- submission to the relevant national authorities of a clinical trial application, or CTA, for each clinical trial, which must be approved before human clinical trials may begin;
- performance of adequate and well-controlled clinical trials to establish the safety and efficacy of the product for each proposed indication;
- submission to the relevant competent authorities of a marketing authorization application, or MAA, which includes the data supporting safety and efficacy as well as detailed information on the manufacture and composition of the product in clinical development and proposed labeling;
- satisfactory completion of an inspection by the relevant national authorities of the manufacturing facility or facilities, including those of third parties, at which the product is produced to assess compliance with strictly enforced cGMP;
- potential audits of the non-clinical and clinical trial sites that generated the data in support of the MAA; and

- review and approval by the relevant competent authority of the MAA before any commercial marketing, sale or shipment of the product.

Preclinical Studies

Preclinical tests include laboratory evaluations of product chemistry, formulation and stability, as well as studies to evaluate the potential efficacy and toxicity in animals. The conduct of the preclinical tests and formulation of the compounds for testing must comply with the relevant EU regulations and requirements. The results of the preclinical tests, together with relevant manufacturing information and analytical data, are submitted as part of the CTA when seeking approval to start a clinical trial, and with the MAA when seeking marketing authorization.

Clinical Trial Approval

Requirements for the conduct of clinical trials in the EU including cGCP, are implemented in the currently Clinical Trials Directive 2001/20/EC and the GCP Directive 2005/28/EC. Pursuant to Directive 2001/20/EC and Directive 2005/28/EC, as amended, a system for the approval of clinical trials in the EU has been implemented through national legislation of the EU member states. Under this system, approval must be obtained from the competent national authority of a EU member state in which a trial is planned to be conducted, or in multiple member states if the clinical trial is to be conducted in a number of member states. To this end, a CTA is submitted, which must be supported by an investigational medicinal product dossier, or IMPD, and further supporting information prescribed by Directive 2001/20/EC and Directive 2005/28/EC and other applicable guidance documents. Furthermore, a clinical trial may only be started after a competent ethics committee has issued a favorable opinion on the clinical trial application in that country.

In April 2014, the EU legislative body passed the new Clinical Trials Regulation (EU) No 536/2014 which is set to replace the current Clinical Trials Directive 2001/20/EC. To ensure that the rules for clinical trials are identical throughout the EU, the new EU clinical trials legislation was passed as a regulation which is directly applicable in all EU member states. All clinical trials performed in the EU are required to be conducted in accordance with the Clinical Trials Directive 2001/20/EC until the new Clinical Trials Regulation (EU) No 536/2014 will become applicable. According to the current plans of the EMA, the new Clinical Trials Regulation will become applicable later this year. The Clinical Trials Directive 2001/20/EC will, however, still apply three years from the date of entry into application of the Clinical Trials Regulation to (i) clinical trials applications submitted before the entry into application and (ii) clinical trials applications submitted within one year after the entry into application if the sponsor opts for the old system.

Regulation (EU) No 536/2014 aims to simplify and streamline the approval of clinical trial in the EU. The main characteristics of the regulation include:

- A streamlined application procedure via a single entry point, the EU portal;
- A single set of documents to be prepared and submitted for the application as well as simplified reporting procedures which will spare sponsors from submitting broadly identical information separately to various bodies and different Member States;
- A harmonized procedure for the assessment of applications for clinical trials, which is divided in two parts. Part I is jointly assessed by all Member States concerned. Part II is assessed by each Member State concerned separately;
- Strictly defined deadlines for the assessment of clinical trial application; and
- The involvement of the ethics committees in the assessment procedure in accordance with the national law of the Member State concerned but within the overall timelines defined by the Regulation (EU) No 536/2014.

Marketing Authorization

Authorization to market a product in the member states of the EU proceeds under one of four procedures: a centralized authorization procedure, a mutual recognition procedure, a decentralized procedure or a national procedure.

Centralized Authorization Procedure

The centralized procedure enables applicants to obtain a marketing authorization that is valid in all EU member states based on a single application. Certain medicinal products, including products developed by means of biotechnological processes must undergo the centralized authorization procedure for marketing authorization, which, if granted by the European Commission, is automatically valid in all - currently 28 - EU member states. Sponsors may elect to file an MAA through the centralized procedures for other classes of products. The EMA and the European Commission administer this centralized authorization procedure pursuant to Regulation (EC) No 726/2004. The other European Economic Area member states (namely Norway, Iceland and Liechtenstein) are also obligated to recognize the Commission decision.

Pursuant to Regulation (EC) No 726/2004, this procedure is mandatory for:

- medicinal products developed by means of one of the following biotechnological processes:
- recombinant DNA technology;
- controlled expression of genes coding for biologically active proteins in prokaryotes and eukaryotes including transformed mammalian cells;
- hybridoma and monoclonal antibody methods;
- advanced therapy medicinal products as defined in Article 2 of Regulation (EC) No 1394/2007 on advanced therapy medicinal products;
- medicinal products for human use containing a new active substance which, on the date of entry into force of this Regulation, was not authorized in the EU, for which the therapeutic indication is the treatment of any of the following diseases:
- acquired immune deficiency syndrome;
- cancer;
- neurodegenerative disorder;
- diabetes;
- auto-immune diseases and other immune dysfunctions;
- viral diseases; and
- medicinal products that are designated as orphan medicinal products pursuant to Regulation (EC) No 141/2000.

The centralized authorization procedure is optional for other medicinal products if they contain a new active substance or if the applicant shows that the medicinal product concerned constitutes a significant therapeutic, scientific or technical innovation or that the granting of authorization is in the interest of patients in the EU.

Administrative Procedure

Under the centralized authorization procedure, the EMA's Committee for Human Medicinal Products, or CHMP serves as the scientific committee that renders opinions about the safety, efficacy and quality of medicinal products for human use on behalf of the EMA. The CHMP is composed of experts nominated by each member state's national authority for medicinal products, with one of them appointed to act as Rapporteur for the co-ordination of the evaluation with the possible assistance of a further member of the Committee acting as a Co-Rapporteur. After approval, the Rapporteur(s) continue to monitor the product throughout its life cycle. The CHMP has 210 days, to adopt an opinion as to whether a marketing authorization should be granted. The process usually takes longer in case additional information is requested, which triggers clock-stops in the procedural timelines. The process is complex and involves extensive consultation with the regulatory authorities of member states and a number of experts. When an application is submitted for a marketing authorization in respect of a drug which is of major interest from the point of view of public health and in particular from the viewpoint of therapeutic innovation, the applicant may pursuant to Article 14(9) Regulation (EC) No 726/2004 request an accelerated assessment procedure. If the CHMP accepts such request, the time-limit of 210 days will be reduced to 150 days but it is possible that the CHMP can revert to the standard time-limit for the centralized procedure if it considers that it is no longer appropriate to conduct an accelerated assessment. Once the procedure is completed, a European Public Assessment Report, or EPAR, is produced. If the opinion is negative, information is given as to the grounds on which this conclusion was reached. After the adoption of the CHMP opinion, a decision on the MAA must be adopted by the European Commission, after consulting the EU member states, which in total can take more than 60 days. After a drug has been authorized and launched, it is a condition of maintaining the marketing authorization that all aspects relating to its quality, safety and efficacy must be kept under review.

Conditional Approval

In specific circumstances, EU legislation (Article 14(7) Regulation (EC) No 726/2004 and Regulation (EC) No 507/2006 on Conditional Marketing Authorizations for Medicinal Products for Human Use) enables applicants to obtain a conditional marketing authorization prior to obtaining the comprehensive clinical data required for an application for a full marketing authorization. Such conditional approvals may be granted for products (including medicines designated as orphan medicinal products), if (1) the risk-benefit balance of the product is positive, (2) it is likely that the applicant will be in a position to provide the required comprehensive clinical trial data, (3) the product fulfills unmet medical needs, and (4) the benefit to public health of the immediate availability on the market of the medicinal product concerned outweighs the risk inherent in the fact that additional data are still required. A conditional marketing authorization may contain specific obligations to be fulfilled by the marketing authorization holder, including obligations with respect to the completion of ongoing or new studies, and with respect to the collection of pharmacovigilance data. Conditional marketing authorizations are valid for one year, and may be renewed annually, if the risk-benefit balance remains positive, and after an assessment of the need for additional or modified conditions and/or specific obligations. The timelines for the centralized procedure described above also apply with respect to the review by the CHMP of applications for a conditional marketing authorization.

Marketing Authorization Under Exceptional Circumstances

As per Article 14(8) Regulation (EC) No 726/2004, products for which the applicant can demonstrate that comprehensive data (in line with the requirements laid down in Annex I of Directive 2001/83/EC, as amended) cannot be provided (due to specific reasons foreseen in the legislation) might be eligible for marketing authorization under exceptional circumstances. This type of authorization is reviewed annually to reassess the risk-benefit balance. The fulfillment of any specific procedures/obligations imposed as part of the marketing authorization under exceptional circumstances is aimed at the provision of information on the safe and effective use of the product and will normally not lead to the completion of a full dossier/approval.

Market Authorizations Granted by Authorities of EU Member States

In general, if the centralized procedure is not followed, there are three alternative procedures to obtain a marketing authorization in (one or several) EU member states as prescribed in Directive 2001/83/EC:

- The decentralized procedure allows applicants to file identical applications to several EU member states and receive simultaneous national approvals based on the recognition by EU member states of an assessment by a reference member state.
- The national procedure is only available for products intended to be authorized in a single EU member state.
- A mutual recognition procedure similar to the decentralized procedure is available when a marketing authorization has already been obtained in at least one EU member state.

A marketing authorization may be granted only to an applicant established in the EU.

Pediatric Studies

Prior to obtaining a marketing authorization in the EU, applicants have to demonstrate compliance with all measures included in an EMA-approved Pediatric Investigation Plan, or PIP, covering all subsets of the pediatric population, unless the EMA has granted (1) a product-specific waiver, (2) a class waiver, or (3) a deferral for one or more of the measures included in the PIP. The respective requirements for all marketing authorization procedures are laid down in Regulation (EC) No 1901/2006, the so called Pediatric Regulation. This requirement also applies when a company wants to add a new indication, pharmaceutical form or route of administration for a medicine that is already authorized. The Pediatric Committee of the EMA, or PDCO, may grant deferrals for some medicines, allowing a company to delay development of the medicine in children until there is enough information to demonstrate its effectiveness and safety in adults. The PDCO may also grant waivers when development of a medicine in children is not needed or is not appropriate, such as for diseases that only affect the elderly population.

Before a marketing authorization application can be filed, or an existing marketing authorization can be amended, the EMA determines that companies actually comply with the agreed studies and measures listed in each relevant PIP.

Period of Authorization and Renewals

A marketing authorization will be valid for five years in principle, and the marketing authorization may be renewed after five years on the basis of a re-evaluation of the risk-benefit balance by the EMA or by the competent authority of the authorizing member state. To this end, the marketing authorization holder must provide the EMA or the competent authority with a consolidated version of the file in respect of quality, safety and efficacy, including all variations introduced since the marketing authorization was granted, at least six months before the marketing authorization ceases to be valid. Once renewed, the marketing authorization will be valid for an unlimited period, unless the Commission or the competent authority decides, on justified grounds relating to pharmacovigilance, to proceed with one additional five-year renewal. Any authorization that is not followed by the actual placing of the drug on the EU market (in case of centralized procedure) or on the market of the authorizing member state within three years after authorization will cease to be valid, the so-called "sunset clause."

Orphan Drug Designation and Exclusivity

Pursuant to Regulation (EC) No 141/2000 and Regulation (EC) No. 847/2000 the European Commission can grant such orphan medicinal product designation to products for which the sponsor can establish that it is intended for the diagnosis, prevention, or treatment of (1) a life-threatening or chronically debilitating condition affecting not more than five in 10,000 people in the EU, or (2) a life threatening, seriously debilitating or serious and chronic condition in the EU and that without incentives it is unlikely that sales of the drug in the EU would generate a sufficient return to justify the necessary investment. In addition, the sponsor must establish that there is no other satisfactory method approved in the EU of diagnosing, preventing or treating the condition, or if such a method exists, the proposed orphan drug will be of significant benefit to patients.

Orphan drug designation provides a number of benefits, including fee reductions, regulatory assistance, and the possibility to apply for a centralized EU marketing authorization (see "Item 4.B—Government Regulation and Product Approval—Centralized Authorization Procedure"), as well as 10 years of market exclusivity following a marketing authorization. During this market exclusivity period, neither the EMA, nor the European Commission nor the Member States can accept an application or grant a marketing authorization for a "similar medicinal product." A "similar medicinal product" is defined as a medicinal product containing a similar active substance or substances as contained in an authorized orphan medicinal product, and which is intended for the same therapeutic indication. The market exclusivity period for the authorized therapeutic indication may be reduced to six years if, at the end of the fifth year, it is established that the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity. In addition, a competing similar medicinal product may be authorized prior to the expiration of the market exclusivity period, including if it is shown to be safer, more effective or otherwise clinically superior to the already approved orphan drug or if the holder of the marketing authorization for the already approved orphan drug is unable to supply sufficient quantities of the product.

If the MAA of a medicinal product designated as an orphan drug includes the results of all studies conducted in compliance with an agreed PIP, and a corresponding statement is subsequently included in the marketing authorization granted, the ten-year period of market exclusivity will be extended to twelve years.

Regulatory Data Protection

EU legislation also provides for a system of regulatory data and market exclusivity. According to Article 14(11) of Regulation (EC) No 726/2004, as amended, and Article 10(1) of Directive 2001/83/EC, as amended, upon receiving marketing authorization, new chemical entities approved on the basis of complete independent data package benefit from eight years of data exclusivity and an additional two years of market exclusivity. Data exclusivity prevents regulatory authorities in the EU from referencing the innovator's data to assess a generic (abbreviated) application. During the additional two-year period of market exclusivity, a generic marketing authorization can be submitted, and the innovator's data may be referenced, but no generic medicinal product can be marketed until the expiration of the market exclusivity. The overall ten-year period will be extended to a maximum of eleven years if, during the first eight years of those 10 years, the marketing authorization holder, or MAH, obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies. Even if a compound is considered to be a new chemical entity and the innovator is able to gain the period of data exclusivity, another company nevertheless could also market another version of the drug if such company obtained marketing authorization based on an MAA with a complete independent data package of pharmaceutical test, pre-clinical tests and clinical trials. However, products designated as orphan medicinal products enjoy, upon receiving marketing authorization, a period of 10 years of orphan market exclusivity (see also "Item 4.B—Government Regulation and Product Approval—Regulation and Marketing Authorization in the European Union—Orphan Drug Designation and Exclusivity"). Depending upon the timing and duration of the EU marketing authorization process, products may

be eligible for up to five years' supplementary protection certificates, or SPCs, pursuant to Regulation (EC) No 469/2009. Such SPCs extend the rights under the basic patent for the drug.

Regulatory Requirements After a Marketing Authorization Has Been Obtained

If we obtain authorization for a medicinal product in the EU, we will be required to comply with a range of requirements applicable to the manufacturing, marketing, promotion and sale of medicinal products:

Pharmacovigilance and Other Requirements

We will, for example, have to comply with the EU's stringent pharmacovigilance or safety reporting rules, pursuant to which post-authorization studies and additional monitoring obligations can be imposed.

Other requirements relate to, for example, the manufacturing of products and APIs in accordance with good manufacturing practice standards. EU regulators may conduct inspections to verify our compliance with applicable requirements, and we will have to continue to expend time, money and effort to remain compliant. Non-compliance with EU requirements regarding safety monitoring or pharmacovigilance, and with requirements related to the development of products for the pediatric population, can also result in significant financial penalties in the EU. Similarly, failure to comply with the EU's requirements regarding the protection of individual personal data can also lead to significant penalties and sanctions. Individual EU member states may also impose various sanctions and penalties in case we do not comply with locally applicable requirements.

Manufacturing

The manufacturing of authorized drugs, for which a separate manufacturer's license is mandatory, must be conducted in strict compliance with the EMA's cGMP requirements and comparable requirements of other regulatory bodies in the EU, which mandate the methods, facilities and controls used in manufacturing, processing and packing of drugs to assure their safety and identity. The EMA enforces its cGMP requirements through mandatory registration of facilities and inspections of those facilities. The EMA may have a coordinating role for these inspections while the responsibility for carrying them out rests with the member states competent authority under whose responsibility the manufacturer falls. Failure to comply with these requirements could interrupt supply and result in delays, unanticipated costs and lost revenues, and could subject the applicant to potential legal or regulatory action, including but not limited to warning letters, suspension of manufacturing, seizure of product, injunctive action or possible civil and criminal penalties.

Marketing and Promotion

The marketing and promotion of authorized drugs, including industry-sponsored continuing medical education and advertising directed toward the prescribers of drugs and/or the general public, are strictly regulated in the EU notably under Directive 2001/83/EC, as amended. The applicable regulations aim to ensure that information provided by holders of marketing authorizations regarding their products is truthful, balanced and accurately reflects the safety and efficacy claims authorized by the EMA or by the competent authority of the authorizing member state. Failure to comply with these requirements can result in adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties.

Clinical Testing in Israel

In order to conduct clinical trials on humans in Israel, prior authorization must be obtained (depending on the nature of the trial) from either the medical director of the institution in which the clinical trials are scheduled to be conducted, or from the general manager of the Israeli Ministry of Health, as required under the Guidelines for Clinical Trials in Human Subjects implemented pursuant to the Israeli Public Health Regulations (Clinical Trials in Human Subjects), 5740-1980, as amended from time to time. Pursuant to the Israeli Public Health Regulations, such authorization generally cannot be granted unless, among other things, the relevant institutions ethics committee has provided its prior approval of the testing and that the trial complies with the standards set forth by the Declaration of Helsinki. In certain circumstances, such as in the cases of genetic trials or special fertility trials, a written opinion provided by the Ministry of Health's ethics committee is also required in order to receive such authorization. The Ministry of Health has provided emergency guidance associated with COVID-19 in March 2020 for ongoing clinical trials, which we are complying with, and may issue additional guidance that may impact our ability to complete our ongoing clinical trials of EB613 in Osteoporosis.

The institutional ethics committee must, among other things, evaluate the anticipated benefits that are likely to be derived from the project to determine if it justifies the risks and inconvenience to be inflicted on the participating human subjects, and it must also ensure that adequate protection exists for the rights and safety of the participants as well as the accuracy of the information gathered in the course of the clinical testing.

Other Healthcare Laws

Health care providers, physicians and third-party payers play a primary role in the recommendation and prescription of drug products that are granted marketing approval. Arrangements with third-party payers and customers are subject to broadly applicable fraud and abuse and other health care laws and regulations. In the United States, such restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the federal Anti-Kickback Statute prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made, in whole or in part, under a federal health care program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation; in addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the False Claims Act;

- the federal False Claims Act imposes civil penalties, and provides for civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government;

- HIPAA imposes criminal and civil liability for executing a scheme to defraud any health care benefit program or making false statements relating to health care matters. Similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;

- the federal false statements statute prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false statement in connection with the delivery of or payment for health care benefits, items or services;

- the federal transparency requirements under the ACA require certain manufacturers of drugs, devices, biologics and medical supplies to report to the Department of Health and Human Services information related to payments and other transfers of value to physicians and teaching hospitals and the ownership and investment interests of such physicians and their immediate family members;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, which governs the conduct of certain electronic healthcare transactions and protects the security and privacy of protected health information;

- the Physician Payments Sunshine Act, created under the ACA, and its implementing regulations, which requires specified manufacturers of drugs, devices, biologics and medical supplies for which payment is available under Medicare, Medicaid or the Children’s Health Insurance Program, with specific exceptions, to report annually to the Centers for Medicare & Medicaid Services, or CMS, information related to payments or other “transfers of value” made to physicians. All such reported information is publicly available;

- analogous state and non-U.S. laws and regulations, such as state anti-kickback and false claims laws which may apply to items or services reimbursed by any payer, including commercial insurers; state laws that require pharmaceutical companies to comply with the industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the federal government or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; state laws that require pharmaceutical manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts; and

- regulation by the Centers for Medicare and Medicaid Services and enforcement by the U.S. Department of Health and Human Services (Office of Inspector General) or the U.S. Department of Justice.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our future business activities could be subject to challenge under one or more of such laws. Efforts to ensure that our business arrangements with third parties will comply with applicable laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices may not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other health care laws and regulations. If our operations are found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to significant civil, criminal and administrative penalties, damages, fines, exclusion from government funded health care programs, such as Medicare and Medicaid, and the curtailment or restructuring of our operations. If any of the physicians or other providers or entities with whom we expect to do business are found to be not in compliance with applicable laws, they may be subject to criminal, civil or administrative sanctions, including exclusions from government funded health care programs.

Environmental, Health and Safety

We are further subject to various foreign, national, federal, state and local laws and regulations relating to environmental, health and safety matters, in a number of jurisdictions, governing, inter alia, (i) the use, storage, registration, handling, emission and disposal of chemicals, waste materials and sewage; and (ii) chemical, air, water and ground contamination, air emissions and the cleanup of contaminated sites, including any contamination that results from spills due to our failure to properly dispose of chemicals, waste materials and sewage. Our operations at our Jerusalem research and development facility use chemicals and produce waste materials and sewage. Our activities require permits from various governmental authorities including, local municipal authorities, the Ministry of Environmental Protection and the Ministry of Health. The Ministry of Environmental Protection and the Ministry of Health, local authorities and the municipal water and sewage company conduct periodic inspections in order to review and ensure our compliance with the various regulations.

Although we do not believe that we will be required to make material operating or capital expenditures in connection with such laws and regulations, we may be required to incur significant costs to comply with these laws and regulations in the future, and complying with these laws and regulations may result in a material adverse effect upon our business, financial condition and results of operations. Further, our failure to comply with such laws and regulations could have a material adverse effect on our business and reputation, result in an interruption or delay in the development or manufacture of our products, or increase the costs for the development or manufacture of our products.

In addition, laws and regulations relating to environmental, health and safety matters are often subject to change. In the event of any changes or new laws or regulations, we could be subject to new compliance measures or to penalties for activities which were previously permitted. For instance, Israeli regulations were promulgated in 2011 relating to the discharge of industrial sewage into the sewer system. These regulations establish new and potentially significant fees for discharging forbidden or irregular sewage into the sewage system.

Pharmaceutical Pricing and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any drug products for which we plan to seek regulatory approval. Sales of any of our product candidates, if approved, will depend, in part, on the extent to which the costs of the products will be covered by third-party payors, including government health programs such as Medicare and Medicaid, commercial health insurers and managed care organizations. Concerns about drug pricing have been expressed by both members of the United States Congress and the administration. The process for determining whether a payer will provide coverage for a drug product may be separate from the process for setting the price or reimbursement rate that the payer will pay for the drug product once coverage is approved. Third-party payers may limit coverage to specific drug products on an approved list, or formulary, which might not include all of the approved drugs for a particular indication.

In order to secure coverage and reimbursement for any product that might be approved for sale, we may need to conduct expensive pharmacoeconomic studies in order to demonstrate the medical necessity and cost-effectiveness of the product, in addition to the costs required to obtain FDA, EMA or other comparable regulatory approvals. Our product candidates may not be considered medically necessary or cost-effective. A payer's decision to provide coverage for a drug product does not imply that an adequate reimbursement rate will be approved. Third-party reimbursement may not be sufficient to enable us to maintain price levels high enough to realize an appropriate return on our investment in product development.

The containment of healthcare costs has become a priority of governments, and the prices of drugs have been a focus in this effort. Third-party payers are increasingly challenging the prices charged for medical products and services and examining the medical necessity and cost effectiveness of medical products in addition to their safety and efficacy. If these third-party payors do not consider our products to be cost-effective compared to other available therapies, they may not cover our products if approved under their plans or, if they do, the level of payment may not be sufficient to allow us to sell our products at a profit. The U.S. government, state legislatures and non-U.S. governments have shown significant interest in implementing cost containment programs to limit the growth of government-paid health care costs, including price controls, restrictions on reimbursement and requirements for substitution of generic products for branded prescription drugs. Adoption of such controls and measures, and tightening of restrictive policies in jurisdictions with existing controls and measures, could limit payments for pharmaceuticals such as the product candidates that we are developing and could adversely affect our net revenue and results.

Pricing and reimbursement schemes vary widely from country to country. Some countries provide that drug products may be marketed only after a reimbursement price has been agreed. Some countries may require the completion of additional studies that compare the cost-effectiveness of a particular product candidate to currently available therapies. The conduct of such studies could be expensive and result in delays in our commercializing efforts. The EU provides options for its member states to restrict the range of drug products for which their national health insurance systems provide reimbursement and to control the prices of medicinal products for human use. EU member states may approve a specific price for a drug product or may instead adopt a system of direct or indirect controls on the profitability of the company placing the drug product on the market. Other member states allow companies to fix their own prices for drug products, but monitor and control company profits. The downward pressure on health care costs in general, particularly prescription drugs, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, in some countries, cross-border imports from low-priced markets exert competitive pressure that may reduce pricing within a country. There can be no assurance that any country that has price controls or reimbursement limitations for drug products will allow favorable reimbursement and pricing arrangements for any of our products.

The marketability of any products for which we receive regulatory approval for commercial sale may suffer if the government and third-party payors fail to provide adequate coverage and reimbursement. In addition, emphasis on managed care in the United States has increased and we expect will continue to increase the pressure on drug pricing. Coverage policies, third-party reimbursement rates and drug pricing regulation may change at any time. Even if favorable coverage and reimbursement status is attained for one or more products for which we receive regulatory approval, less favorable coverage policies and reimbursement rates may be implemented in the future.

Health Care Reform

In the United States, there have been and continue to be a number of significant legislative initiatives to contain healthcare costs. The ACA was enacted in the United States in March 2010 and contains provisions that may reduce the profitability of drug products, including, for example, increased rebates for drugs subject to the Medicaid Drug Rebate Program, extension of Medicaid rebates to Medicaid managed care plans, mandatory discounts for certain Medicare Part D beneficiaries and annual fees based on pharmaceutical companies' share of sales to federal health care programs.

In addition, other legislative changes have been proposed and adopted since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of 2% per fiscal year, effective April 1, 2013 and, due to subsequent legislative amendments to the statute, will stay in effect through 2027, unless additional Congressional action is taken; however, pursuant to the CARES Act, and subsequent legislation, these reductions are suspended from May 1, 2020 through March 31, 2021 due to the COVID-19 pandemic. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, reduced Medicare payments to several providers, and increased the statute of limitations period for the government to recover overpayments to providers from three to five years. These new laws may result in additional reductions in Medicare and other healthcare funding, which could have a material adverse effect on customers for our drugs, if approved, and, accordingly, our financial operations.

There have been judicial and Congressional challenges to certain aspects of the ACA, as well as recent efforts by the Trump administration to repeal and replace certain aspects of the ACA, and we expect such challenges to continue. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. In 2017, the U.S. Congress enacted the 2017 Tax Act, which eliminated the tax-based shared responsibility payment imposed by the ACA on certain individuals who fail to maintain qualifying health coverage for all or part of a year that is commonly referred to as the "individual mandate." On January 22, 2018, President Trump signed a continuing resolution on appropriations for fiscal year 2018 that delayed the implementation of certain fees mandated by the ACA, including the so-called "Cadillac" tax on certain high cost employer-sponsored insurance plans and the annual fee imposed on certain health insurance providers based on market share. The Bipartisan Budget Act of 2018, or the BBA, among other things, amends the ACA, effective January 1, 2019, to close the coverage gap in most Medicare drug plans. In July 2018, CMS published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation, regarding the method CMS uses to determine this risk adjustment. On December 14, 2018, a federal judge in Texas ruled that the ACA is unconstitutional in its entirety because the "individual mandate" was repealed by Congress as part of the 2017 Tax Act. While the judge, as well as the Trump administration and CMS, have stated that the ruling will have no immediate effect pending appeal of the decision, it is unclear how this decision, subsequent appeals, and other efforts to repeal and replace the ACA, will impact our business. On December 18, 2019, the Fifth Circuit Court of Appeals upheld the lower court's decision that the ACA was unconstitutional. On March 2, 2020, the U.S. Supreme Court granted certiorari to review the case and heard oral arguments on November 10, 2020. Although the U.S. Supreme Court has not yet ruled on the constitutionality of the ACA, , on January 28, 2021, President Biden issued an executive order to initiate a special enrollment period from February 15, 2021 through May 15, 2021 for purposes of obtaining health insurance coverage through the ACA marketplace. The executive order also instructs certain governmental agencies to review and reconsider their existing policies and rules that limit access to healthcare, including among others, reexamining Medicaid demonstration projects and waiver programs that include work requirements, and policies that create unnecessary barriers to obtaining access to health insurance coverage through Medicaid or the ACA.

Moreover, recently there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their commercial products. There have been several recent U.S. Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug pricing, review the relationship between pricing and manufacturer patient programs, reduce the cost of drugs under Medicare, and reform government program reimbursement methodologies for drugs. On March 10, 2020, the Trump administration sent "principles" for drug pricing to Congress, calling for legislation that would, among other things, cap Medicare Part D beneficiary out-of-pocket pharmacy expenses, provide an option to cap Medicare Part D beneficiary monthly out-of-pocket expenses, and place limits on pharmaceutical price increases. Additionally, the Trump administration released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. On July 24, 2020 and September 13, 2020, the Trump administration announced several executive orders related to prescription drug pricing that attempt to implement several of the administration's proposals. As a result, the FDA released a final rule on September 24, 2020, effective November 30, 2020, providing guidance for states to build and submit importation plans for drugs from Canada. Further, on November 20, 2020, the U.S. Department of Health and Human Services, or HHS, finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. On November 20, 2020, CMS issued an interim final rule implementing President Trump's Most Favored Nation executive order, which would tie Medicare Part B payments for certain physician-administered drugs to the lowest price paid in other economically advanced countries, effective January 1, 2021. On December 28, 2020, the U.S. District Court in Northern California issued a nationwide preliminary injunction against implementation of the interim final rule. It is unclear whether the Biden administration will work to reverse these measures or pursue similar policy initiatives. At the state level, legislatures have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Additionally, on November 20, 2020, CMS issued an Interim Final Rule implementing the Most Favored Nation, or MFN, Model under which Medicare Part B reimbursement rates will be calculated for certain drugs and biologicals based on the lowest price drug manufacturers receive in Organization for Economic Cooperation and Development countries with a similar gross domestic product per capita. The MFN Model regulations mandate participation by identified Part B providers and will apply in all U.S. states and territories for a seven-year period beginning January 1, 2021 and ending December 31, 2027. The Interim Final Rule has not been finalized and is subject to revision and challenge, including legal challenges from industry advocacy groups and participants. On November 20, 2020, HHS finalized a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. Although a number of these, and other proposed measures may require authorization through additional legislation to become effective, and the Biden administration may reverse or otherwise change these measures, Congress has indicated that it will continue to seek new legislative measures to control drug costs.

On November 20, 2020, the HHS Office of Inspector General, finalized further modifications to the federal Anti-Kickback Statute. Under the final rules, the HHS Office of Inspector General added safe harbor protections under the Anti-Kickback Statute for certain coordinated care and value-based arrangements among clinicians, providers, and others, yet removed safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. This rule (with exceptions) became effective January 19, 2021. We continue to evaluate what effect, if any, these rules will have on our business. CMS issued a final rule, effective on July 9, 2019, that requires direct-to-consumer advertisements of prescription drugs and biological products, for which payment is available through or under Medicare or Medicaid, to include in the advertisement the Wholesale Acquisition Cost, or list price, of that drug or biological product if it is equal to or greater than $35 for a monthly supply or usual course of treatment.

Prescription drugs and biological products that are in violation of these requirements will be included on a public list. Any adopted health reform measure could reduce the ultimate demand for our products, if approved, or put pressure on our product pricing. Individual states in the United States have also become increasingly active in passing legislation and implementing regulations designed to control pharmaceutical product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing. In addition, regional healthcare authorities and individual hospitals are increasingly using bidding procedures to determine what pharmaceutical products and which suppliers will be included in their prescription drug and other healthcare programs. We expect that additional state and federal healthcare reform measures will be adopted in the future.

We expect that additional state and federal healthcare reform measures, as well as legal changes by foreign governments, will be adopted in the future, any of which could limit the amounts that governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures.

Legal Proceedings

We are not currently a party to any material legal proceedings. Emisphere has notified us that it believes that it is the exclusive owner of certain U.S. and related foreign patents and patent applications we acquired from Oramed Ltd.; however, Emisphere has not initiated a legal proceeding against us regarding its claim. If Emisphere were to initiate a legal proceeding, we would vigorously defend against such claim and believe that Emisphere's notification is without merit. For more information on the risks related to Emisphere's claim, see "Item 3.D.–Risk Factors—Risks Related to Our Intellectual Property—We may become involved in proceedings to protect or enforce our proprietary rights, which could be expensive and time consuming, and may ultimately be unsuccessful."

4.C. Organizational Structure

We were formed as a company in the State of Israel on September 30, 2009.

Our corporate structure consists of Entera Bio Ltd. and Entera Bio, Inc., our wholly-owned U.S. subsidiary.

4.D. Property, Plants and Equipment

Our facilities in Israel, which house our research and developments, clinical development, clinical operations, regulatory and management functions are located in Jerusalem, Israel. Under a Lease Agreement with Unihead Biopark Ltd. as of December 31, 2020, we are leasing approximately 622 square meters of office and laboratory space pursuant to a lease agreement that will expire on June 30, 2023, with a one-time option for early termination by us on December 31, 2021, subject to a notice period of six months.

We believe that our current office and laboratory space in Israel is sufficient to meet our anticipated needs for the foreseeable future and is suitable for the conduct of our business. We believe that suitable additional space would be available if required in the future on commercially reasonable terms.

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5.A. Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this Annual Report. This discussion contains forward-looking statements that are subject to known and unknown risks and uncertainties. Actual results and the timing of events may differ significantly from those expressed or implied in such forward-looking statements due to a number of factors, including those set forth in the section entitled "Risk Factors" and elsewhere in this Annual Report. You should read the following discussion in conjunction with "Special Note Regarding Forward-Looking Statements" and "Risk Factors" included elsewhere in this Annual Report. We have prepared our consolidated financial statements in accordance with IFRS as issued by IASB.

Overview

We are a clinical-stage biopharmaceutical company focused on the development and commercialization of orally delivered macromolecule therapeutics for use in areas with significant unmet medical need where adoption of injectable therapies is limited due to cost, convenience and compliance challenges for patients. Our current strategy for our lead product candidates is to use our technology to develop an oral formulation of human parathyroid hormone (1-34), or PTH, which has been approved in the United States in injectable form for over a decade. Our lead oral PTH product candidates are EB613 for the treatment of osteoporosis and EB612 for the treatment of hypoparathyroidism. In both of these indications, the leading products are daily injectable formulations of PTH. In total, more than 260 healthy volunteers and patients, have received multiple doses of various formulations of our oral PTH (1-34).

We met with the FDA in the fourth quarter of 2018 to discuss the development and regulatory pathway for EB613 for the treatment of osteoporosis. In addition to discussing various aspects of the nonclinical and clinical development plan, the meeting focused on the use of the 505(b)(2) regulatory pathway and the use of BMD rather than fracture incidence as the primary endpoint to support an NDA. Based on the FDA's response, we believe that we may be able to use BMD as the primary efficacy endpoint for a Phase 3 trial and that a fracture endpoint trial will not be required. In July 2019, we initiated a Phase 2 multi-center, placebo-controlled dose-ranging trial of EB613 in approximately 160 osteoporosis patients, at 4 leading osteoporosis centers in Israel. This trial, which includes a treatment period of 6 months, is being conducted to evaluate both the safety of EB613 and to identify the optimal dose that we will select to advance into a single Phase 3 pivotal trial. In this trial, we are evaluating, multiple bone markers, such as P1NP – a bone formation marker, CTX – a bone resorption marker, BMD, and various additional safety endpoints.

In May 2020 we announced limited interim biomarker data from the Phase 2 clinical trial of EB613. Based on the interim biomarker data, EB613 demonstrated statistically significant effects on the P1NP biomarker after one month of treatment ($p<0.001$) compared to the placebo, and meaningful increases at months two and three compared to the placebo with the highest EB613 dose (1.5 mg). There was also a dose response at one month, with those trends continuing at two months. Based on the interim data, we amended the Phase 2 protocol in July 2020 and discontinued the two lower doses (0.5mg and 1.0mg) and added a 2.5mg dose of EB613. In November 2020, we completed the enrollment in the trial with 161 patients, including the new high-dose group. We continue to follow the enrolled subjects through various monitoring means established by the regulatory authorities in compliance with COVID-19 restrictions.

In parallel, we are conducting several nonclinical safety assessment studies to support our regulatory filings, including our Investigational New Drug Application, or IND, with the FDA to facilitate various IND-enabling trials, and subsequently, to enable the start of a single Phase 3 clinical trial in osteoporosis patients using sites in, the United States, Israel and other territories, subject to positive data from our ongoing Phase 2 trial of EB613, pending the determination of any impact of COVID-19 on our ability to collect sufficient data from the trial. We believe that the study design to achieve the BMD endpoint, as discussed with the FDA, will have a much smaller number of patients and be significantly shorter in duration than a pathway that utilizes a placebo-controlled bone fracture endpoint. See "Item 4.B.–Business Overview—EB613 for Osteoporosis."

Our lead product candidate for hypoparathyroidism, EB612, is an oral formulation of PTH (1-34). We believe that EB612, if approved, has the potential to become the standard of care for hypoparathyroidism. We have tested several formulations of our oral PTH (1-34) in multiple Phase 1 clinical trials to test different manufacturing technologies, formulations, administration parameters and dosing regimens. This data led to a number of Phase 2 studies evaluating different formulations of EB612 in hypoparathyroidism patients including a multicenter Phase 2a clinical trial of EB612 in hypoparathyroidism patients. The endpoints in the Phase 2trials, included examination of the PK/PD levels of EB612, as well as serum calcium, serum phosphate, urinary calcium and urinary phosphate. In these trials, EB612 was generally well tolerated and achieved the targeted blood levels of PTH, serum calcium, serum phosphate, and the hormonal metabolite of vitamin D (1,25- dihydroxyvitamin D). See "Item 4.B.–Business Overview— EB612 for Hypoparathyroidism."

In addition, we intend to use our technology as a platform for the oral delivery of other protein and large molecule therapeutics as well as novel therapeutics. For example, in the fourth quarter of 2018, we signed a license agreement with Amgen and may sign additional licensing or collaboration agreements in the future. We intend to utilize future funds, as available, to advance EB613 and EB612 through clinical development and ultimately towards regulatory approval. To date, we have funded our operations through our sales of our Ordinary Shares under our Equity Distribution Agreement with Canaccord Genuity LLC in connection with the Company's ATM Program (as defined below in Item 10.C "Material Contracts"), sales of Ordinary Shares in our IPO, private placements of our Ordinary Shares and preferred shares, warrants, convertible debt, government grants and through revenues generated from research collaboration and our license agreement with Amgen. We have no products that have received regulatory approval and have never generated revenue from sales of any product.

Since our inception, we have raised a total of $70.2 million, including $13.3 million through our ATM Program, of which $9.8 million was raised in 2021, $14.3 million in our December 2019 private placement, $11.2 in our IPO in 2018 and $31.3 in funding from grants, private placements of Ordinary Shares, preferred shares and debt prior to our IPO.

Since inception, we have incurred significant losses. For the years ended December 31, 2020, 2019 and 2018, our operating losses were $11.1 million, $11.5 million and $10.9 million, respectively and we expect to continue to incur significant expenses and losses for the next several years. As of December 31, 2020, we had an accumulated deficit of $72.9 million. Our losses may fluctuate significantly from quarter to quarter and year to year, depending on the timing of our clinical trials, our expenditures on any other research and development activities, the receipt of government grants and payments under the collaboration with Amgen or any future collaborations into which we may enter.

As a result of our recurring losses from operations, negative cash flows and lack of liquidity, management is of the opinion that there is substantial doubt as to the Company's ability to continue as a going concern. Our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of, and for the year ended, December 31, 2020, expressing the existence of substantial doubt about our ability to continue as a going concern. The audited consolidated financial statements included herein have been prepared assuming that we will continue as a going concern and do not include adjustments that might result from the outcome of this uncertainty. If we are unable to raise the requisite funds, we will need to curtail or cease operations. See "Item 3.D.–Risk Factors—Risks Related to Our Financial Position and Need for Additional Capital."

As of March, 16, 2021, we had cash and cash equivalents of $15.4 million. In order to fund further operations, we will need to raise additional capital. We may raise these funds through private and/or public equity offerings, debt financings, government grants, strategic collaborations and licensing arrangements. Additional financing may not be available when we need it or may not be available on terms that are favorable to us.

As of March 16, 2021, we had 19 employees and five consultants who provide services to us on a part-time basis. Our operations are located in Jerusalem, Israel.

Patent Transfer, Licensing Agreements and Grant Funding

Oramed Patent Transfer Agreement

In 2011, we entered into a patent transfer agreement with Oramed, or the Patent Transfer Agreement, pursuant to which Oramed assigned to us all of its rights, title and interest in the patent rights Oramed licensed to us when we were originally capitalized, subject to a worldwide, royalty-free, exclusive, irrevocable, perpetual and sub-licensable license granted to Oramed under the assigned patent rights to develop, manufacture and commercialize products or otherwise exploit such patent rights in the fields of diabetes and influenza. Additionally, we agreed not to engage, directly or indirectly, in any activities in the fields of diabetes and influenza. Under the terms of the Patent Transfer Agreement, we agreed to pay Oramed royalties equal to 3% of our net revenues generated, directly or indirectly, from exploitation of the assigned patent rights, including the sale, lease or transfer of the assigned patent rights or sales of products or services covered by the assigned patent rights. See "Item 4.B.— Business Overview—Patent Transfer, Licensing Agreements and Grant Funding—Oramed Patent Transfer Agreement."

Amgen Research Collaboration and License Agreement

On December 10, 2018, we entered into a research collaboration and license agreement with Amgen, or the Amgen Agreement in inflammatory disease and other serious illnesses. Pursuant to the Amgen Agreement, we and Amgen will use our proprietary drug delivery platform to develop oral formulations for one preclinical large molecule program that Amgen has selected. In exchange for entering into the agreement, Amgen paid us a non-refundable and non-creditable initial access fee of $725,000 in the first quarter of 2019, of which $500,000 was attributed to the right to use the intellectual property and $225,000 was attributed to the pre-clinical R&D services that we are obligated to perform under the Amgen Agreement. In addition, under the Amgen Agreement, Amgen reimburses us for additional expenses that we incur for any work we do under the collaboration. Thus far during our collaboration, Amgen has paid $518,000 for pre-clinical R&D services.

Amgen also has options, limited in time, to select up to two additional programs to include in the collaboration. Amgen is responsible for the clinical development, regulatory approval, manufacturing and worldwide commercialization of the programs. Pursuant to the terms of the Amgen Agreement, Amgen is required to make aggregate payments of up to $270 million upon achievement of various clinical and commercial milestones or its exercise of options to select the additional two programs to include in the collaboration. In addition, Amgen is required to make tiered royalty payments ranging from the low to mid-single digits based on the level of Amgen's net sales of the applicable products covered by the Amgen Agreement. Amgen's obligation to pay royalties with respect to a product in a particular country commences upon the first commercial sale of such product in such country and expires on a country-by-country and product-by-product basis on the later of (a) the date on which the sale of the product is no longer covered by a valid claim of a patent licensed to Amgen under the Amgen Agreement, and (b) the tenth anniversary of the first commercial sale of such product in such country.

Under the Amgen Agreement, we granted Amgen an exclusive, worldwide, sub-licensable license under certain of our intellectual property relating to our drug delivery technology to develop, manufacture and commercialize the applicable products. We will retain all intellectual property rights to our drug delivery technology, Amgen will retain all rights to its large molecules and any subsequent improvements, and ownership of certain intellectual property developed through the performance of the collaboration is to be determined by U.S. patent law. Each party is responsible for the filing and prosecution of patents relating to its owned developments and, with respect to any jointly-owned developments, we are responsible for the filing and prosecution of patents solely claiming improvements to our drug delivery technology and Amgen is responsible for the filing and prosecution of any other jointly-owned developments. Amgen has the primary right to enforce any such patents against third-party infringement with respect to a product that has the same mechanism of action as one of the collaboration programs, subject to involvement by us in certain circumstances.

During certain periods covered by the Amgen Agreement, we may not alone, or with a third party, research, develop, manufacture or commercialize certain products that interact with the targets of the applicable collaboration programs. The collaboration is governed by a joint research committee, or JRC, made up of equal representatives of us and Amgen. The JRC may establish additional subcommittees to oversee particular projects or activities. Subject to certain limitations, if the JRC is unable to make a decision by consensus, the disagreement is to be resolved through escalation to specified senior executive officers of the parties, although Amgen has the final decision-making ability with respect to certain pre-defined issues.

The term of the Amgen Agreement commenced on December 10, 2018, and unless earlier terminated, shall continue in full force and effect, on a product-by-product basis, until expiration of the last-to-expire royalty term with respect to such product. At any point in the research, development or commercialization process, subject to certain conditions, Amgen can terminate the Amgen Agreement in its entirety or with respect to a specific development program. Both parties can terminate the agreement for a material breach by the other party that goes uncured, subject to a 90-day notice period.

The Israeli Innovation Authority Grant (formerly: The Office of the Chief Scientist)

We have received grants of approximately $0.5 million from the IIA to partially fund our research and development. The grants are subject to certain requirements and restrictions under the Israeli Encouragement of Research, Development and Technological Innovation in Industry Law 5477-1984, or the Research Law. In general, until the grants are repaid with interest, royalties are payable to the Israeli government in the amount of 3% on revenues derived from sales of products or services developed in whole or in part using the IIA grants, including EB613, EB612 and any other oral PTH product candidates we may develop. The royalty rate may increase to 5%, with respect to approved applications filed following any year in which we achieve sales of over $70 million.

The amount that must be repaid may be increased to three times the amount of the grant received, and the rate of royalties may be accelerated, if manufacturing of the products developed with the grant money is transferred outside of the State of Israel. Moreover, a payment of up to 600% of the grant received may be required upon the transfer of any IIA-funded know-how to a non-Israeli entity. We signed a contract with a U.K.-based contract manufacturing organization (See "Item 4.B.–Business overview—Manufacturing"), to produce and supply pills for trials performed worldwide. We believe that, because production is not being done for commercial purposes, the entry into the production agreement in the U.K. will not affect the royalty rates to be paid to the IIA. Should it turn out that this position is not acceptable to the IIA, the maximum royalties to be paid to the IIA will be approximately $1.5 million, which is three times the amount of the original grant. Following the signing of the Amgen Agreement, we are required to pay 5.38% of each payment by Amgen and up to 600% of the grant received. As of March 16, 2021 we have paid royalties to the IIA in the amount of $67,000 related to the Amgen Agreement.

In addition to paying any royalties due, we must abide by other restrictions associated with receiving such grants under the Research Law that continue to apply following repayment to the IIA. See "Item 4.B.–Business Overview—The Israeli Innovation Authority Grant."

Financial Overview

Revenue

To date, we have not generated any revenue from sales of our products and we do not expect to receive any revenue from any product candidates that we develop unless and until we obtain regulatory approval and successfully commercialize our products.

On December 10, 2018, we entered into the Amgen Agreement in inflammatory disease and other serious illnesses. As of December 31, 2019, we received a non-refundable and non-creditable initial access payment of $725,000 from Amgen, of which $500,000 related to a license fee and the remaining $225,000 related to the research and development services we provided to Amgen in the first year of the Amgen Agreement. During 2020 through March 16, 2021, we received an additional aggregate amount of $518,000 from Amgen for research and development services.

Revenues including revenues under the Amgen Agreement are recognized according to IFRS 15 – "Revenues from Contracts with Customers."

In determining the appropriate amount of revenue to be recognized as we fulfill our obligations under our agreement, we perform the following steps:

1. Identification of the contract, or contracts, with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue.

We identified two distinct performance obligations in Amgen Agreement: a license to use our proprietary drug delivery platform and preclinical R&D services. The preclinical R&D services include discovery and certain preclinical activities related to the programs selected by Amgen.

We determined the license to our intellectual property to be a right to use that has significant standalone functionality separately from the preclinical services, since we are not required to continue to support, develop or maintain the intellectual property transferred and will not undertake any activities to change the standalone functionality of the intellectual property. Therefore, the license to the intellectual property is a distinct performance obligation, and as such, we recognized the revenues related to this performance obligation in December 2018 at the point in time that control of the license was transferred to Amgen. We evaluated the selling price of the first-year preclinical services at $225,000, and the right to use the intellectual property at $500,000.

Revenues attributed to the preclinical R&D services are recognized during the period the pre-clinical R&D services are provided according to the input model method on a cost-to-cost basis

Under IFRS 15, the consideration that we would be entitled to upon the achievement of contractual milestones, which are contingent upon the occurrence of future events of development and commercial progress, are a form of variable consideration. When assessing the portion, if any, of such milestone-related consideration to be included in the transaction price, we first assess the most likely outcome for each milestone, and exclude the consideration related to milestones of which the occurrence is not considered the most likely outcome. We then evaluate if any of the variable consideration determined in the first step is constrained. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of our anticipated performance and all information (historical, current and forecasted) that is reasonably available. We did not recognize any revenues from milestone payments.

Under IFRS-15, an entity should recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs:

- The subsequent sale or usage occurs; and
- The performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

We did not recognize any revenues from royalties since royalties are payable based on future commercial sales, as defined in the Amgen Agreement and there were no commercial sales as of the date of the financial statements

For the years ended December 31, 2020 and 2019, we recognized revenues from the Amgen agreement in the total amount of $365,000 and $236,000, respectively.

Research and Development Expenses

Research and development expenses consist of costs incurred for the development of our drug delivery technology and our product candidates. Those expenses include:

- employee-related expenses, including salaries, bonuses and share-based compensation expenses for employees and service providers in the research and development function;
- expenses incurred in operating our laboratories including our small-scale manufacturing facility;
- expenses incurred under agreements with CROs, and investigative sites that conduct our clinical trials;
- expenses related to outsourced and contracted services, such as external laboratories, consulting and advisory services;
- supply, development and manufacturing costs relating to clinical trial materials; and
- other costs associated with pre-clinical and clinical activities.

Research and development activities are the primary focus of our business. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect that our research and development expenses will increase significantly in future periods as we advance EB613 and EB612 into later stages of clinical development and invest in additional preclinical candidates.

Research expenses are generally recognized as incurred. An intangible asset arising from the development of our product candidates is recognized if certain capitalization conditions are met. During the years ended December 31, 2020, 2019 and 2018,

we did not capitalize any development costs.

Our research and development expenses may vary substantially from period to period based on the timing of our research and development activities, including due to the timing of initiation of clinical trials and the enrollment of patients in clinical trials. For the years ended December 31, 2020, 2019 and 2018, our research and development expenses were $6.4 million, $7.2 million and $8.5 million, respectively. Research and development expenses for the years ended December 31, 2020, 2019 and 2018 were primarily for the development of EB613 and EB612. The successful development of our product candidates is highly uncertain. At this time we cannot reasonably estimate the nature, timing and estimated costs of the efforts that will be necessary to complete the development of, or the period, if any, in which material net cash inflows may commence from, any of our product candidates. This is due to numerous risks and uncertainties associated with developing drugs, including:

- the uncertainty of the scope, rate of progress, results and cost of our clinical trials, nonclinical testing and other related activities;
- the cost of manufacturing clinical supplies and establishing commercial supplies of our product candidates and any products that we may develop;
- the number and characteristics of product candidates that we pursue;
- the cost, timing and outcomes of regulatory approvals;
- the cost and timing of establishing any sales, marketing, and distribution capabilities; and
- the terms and timing of any collaborative, licensing and other arrangements that we may establish, including any milestone and royalty payments thereunder.

A change in the outcome of any of these variables with respect to the development of EB613, EB612 or any other product candidate that we may develop could mean a significant change in the costs and timing associated with the development of such product candidate. For example, if the FDA or other regulatory authority were to require us to conduct preclinical and/or clinical studies beyond those which we currently anticipate will be required for the completion of clinical development, if we experience significant delays in enrollment in any clinical trials or if we encounter difficulties in manufacturing our clinical supplies, we could be required to expend significant additional financial resources and time on the completion of the clinical development.

General and Administrative Expenses

General and administrative expenses consist principally of salaries and related costs for directors and personnel in executive and finance functions, such as salaries, benefits and share-based compensation. Other general and administrative expenses include D&O insurance and other insurance, communication expenses, professional fees for legal and accounting services, patent counseling and portfolio maintenance and business development expenses.

We expect that our general and administrative expenses will increase in the future as we increase our headcount and expand our administrative function to support our operations. In addition, if we lose our status as a foreign private issuer, we will be subject to additional SEC reporting requirements that will likely result in additional costs, see “Risk Factors—Risks Related to Our Ordinary Shares, and IPO Warrants.”

Financial Income

Financial income was comprised mainly of gains resulting from the re-measurement of equity linked instruments that were liability classified and measured at fair value through profit and loss.

In 2018, we recorded adjustments to the estimated fair value of the convertible loans, preferred shares, warrants to issue preferred shares and shares until each were converted into our Ordinary Shares or IPO Warrants and options to purchase our Ordinary Shares as part of our initial public offering. Subsequent to our IPO we stopped recording any related periodic fair value adjustments with regard to these components. The IPO Warrants issued in the initial public offering the Investor Warrants (as defined below in Item 10.C “Material Contracts—Investor Warrants) issued in our December 2019 and February 2020 private placement were classified as a financial liability since their exercise price and number of shares issuable upon exercise of each Investor Warrant are subject to certain adjustments as described in the underlying warrant agreements. In 2019 and 2020, changes in the fair value of the IPO Warrants and the Investor Warrants resulted in net financial income in our consolidated statement of comprehensive loss. We will continue to record fair value adjustments on these Warrants until they expire, are repurchased by us or exercised and converted into our Ordinary Shares.

Upon the consummation of our IPO, we adjusted our convertible loan liability, preferred shares and our warrants to issue preferred shares to their fair value, which was evaluated based on the quoted closing price of our Ordinary Shares on Nasdaq. We recorded additional financial expenses from the revaluation of our convertible loan liability, preferred shares and warrants. Under the terms of the applicable agreements and pursuant to certain IPO transactions, the convertible loans and preferred shares were automatically converted into our Ordinary Shares, and the warrants to purchase preferred shares were automatically converted into warrants to purchase Ordinary Shares. The fair value of the IPO Warrants as of the IPO date, July 2, 2018 and as of December 31, 2018 was based on the quoted price per warrant on Nasdaq as of the respective date.

Other financial expenses are comprised mainly of interest income and exchange rate differences of certain currencies against our Functional Currency.

Taxes on Income

Entera Bio Ltd. has not generated taxable income since our inception, and as of December 31, 2020 had carry-forward tax losses of $43 million. We anticipate that we will be able to carry forward these tax losses indefinitely to future tax years. Accordingly, we do not expect to pay taxes in Israel until we have taxable income after the full utilization of our carryforward tax losses.

As of December 31, 2020, Entera Bio Inc. has no carry forward tax losses.

We have not created deferred tax assets on our tax loss carryforwards because their utilization is not expected in the foreseeable future. We recognize deferred tax assets on losses for tax purposes carried forward to subsequent years if utilization of the related tax benefit against a future taxable income is probable.

Critical Accounting Policies and Estimates

We describe our significant accounting policies more fully in Note 2 to our audited consolidated financial statements included elsewhere in this Annual Report. We believe that the accounting policies below are critical in order to fully understand and evaluate our financial condition and results of operations. The preparation of our consolidated financial statements requires us to make estimates and assumptions that impact the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in our consolidated financial statements and accompanying notes. The most significant estimates in our consolidated financial statements relate to the valuation of equity awards, warrant liability and the recoverability of deferred tax assets. We evaluate our estimates and assumptions on an ongoing basis and base such estimates and assumptions on historical experience – when available – and on various factors – including expectations of future events – that we believe to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue Recognition

With respect to the Amgen Agreement, we used our judgement to identify our deliverables in the agreement and whether the deliverables are distinct performance obligation. In addition, we use our judgement to determine the allocation of the transaction price between our identified distinct performance obligations. We also used significant judgment in order to determine the R&D services period. For a description of our revenue recognition policy see "Note 2—Summary of Significant Accounting Policies—P. Revenue Recognition" of our audited consolidated financial statements for the year ended December 31, 2020, included elsewhere in this Annual Report.

Share-Based Compensation

In 2013 and in 2018, we adopted share-based compensation plans for employees, directors and service providers. Our share-based compensation plan adopted in 2013 governs the issuance of equity incentive awards prior to our initial public offering, and the share-based compensation plan adopted in 2018 governs the issuance of equity incentive awards from and after the closing of our initial public offering. As part of the plans, we grant employees, directors and service providers, from time to time and at our discretion, options to purchase our Ordinary Shares. The fair value of the services received in exchange for the grant of the options is recognized as an expense in our statements of comprehensive loss with a corresponding adjustment to equity in our statements of financial position. The total amount is recognized as an expense ratably over the service period of the options, which is the period during which all vesting conditions are expected to be met.

We estimate the fair value of our share-based compensation to employees, directors and service providers using the Black-Scholes option pricing model, which requires the input of highly subjective assumptions, including (a) the expected volatility of our shares, (b) the expected term of the award, (c) the risk-free interest rate, (d) expected dividends and (e) the fair value of our Ordinary Shares at the date of grant. Due to the limited amount of time since our initial public offering and a lack of company-specific historical and implied volatility data, we have based our estimate of expected volatility on the historic volatility of comparable companies that are publicly traded. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own share price becomes available.

For options granted in 2018, prior to the IPO, the fair value per Ordinary Share used in the Black-Scholes option pricing model was evaluated using a hybrid model that uses an option pricing model within each applicable exit scenario of our company. These valuations are highly subjective.

For the purpose of determining our enterprise value, prior to our IPO, we used the discounted cash flow, or DCF, method. Under the DCF method, our projected after-tax cash flows were discounted back to present value, using the discount rate. The discount rate, known as the weighted average cost of capital, or WACC, accounts for the time value of money and the appropriate degree of risk inherent in our business. The DCF method requires significant assumptions, in particular, regarding our projected cash flows and the discount rate applicable to our business.

Following the IPO, the fair value of our Ordinary Shares and IPO Warrants is determined based on the closing price of our Ordinary Shares and IPO Warrants on Nasdaq.

We are also required to estimate forfeitures at the time of grant, and we revise those estimates in subsequent periods if actual forfeitures differ from the estimates. Vesting conditions are included in assumptions about the number of options that are expected to vest. At the end of each reporting period, we revise our estimates of the number of options that are expected to vest based on the nonmarket vesting conditions. We recognize the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The following table summarizes the allocation of our share-based compensation expense:

	Year ended December 31,		
	2020 (2)	2019	2018 (1)
		(in thousands)	
Research and development	$ 565	$ 701	$ 1,333
General and administrative	336	782	(100)
Total	$ 901	$ 1,483	$ 1,233

(1) The resignation of Mr. Beshar, the previous Chairman of our board of directors took effect on June 27, 2018. According to Mr. Beshar's options terms, options which had yet to fully vest were forfeited, therefore 453,050 options forfeited and were recognized in the consolidated statement of comprehensive loss as a reverse of expense under the General and administrative line item in the amount of $1.3 million.

(2) The resignation of Mr. Gridley, our Former CEO, took effect on September 7, 2020. According to the terms of Mr. Gridley's options, options which

had yet to fully vest expired, therefore 553,942 options expired and were recognized in the consolidated statement of comprehensive loss as a reverse of expense under the General and administrative line item in the amount of $0.3 million.

Fair Value of Financial Liabilities Through Profit or Loss

Prior to our IPO, the Series A preferred shares and warrants to purchase Series A preferred shares, Series B preferred shares, Series B-1 preferred shares, warrants to purchase Series B preferred shares and liability to issue preferred shares and warrants were classified as financial liabilities because of the liquidation preference rights and conversion rights associated with the preferred shares and were measured at fair value through profit or loss at each balance sheet date. To determine the fair value of the convertible loans, preferred shares, and warrants, we used our judgment to select a variety of methods and made assumptions that were mainly based on market conditions existing at the end of each reporting period prior to the IPO. The estimated fair value of these liabilities might have been different if we had used different estimates and assumptions.

To determine the fair value of the convertible loans, which was a valuation that was not based on observable market data, or a level 3 valuation, the debt component was evaluated based on the discounting of future payments of the debt. The convertible components of the loans (the option to convert the principal amount of the loans and accrued interest into our Ordinary Shares, subject to adjustment), were evaluated based on a combination of the probability weighted expected return method and the Black and Scholes option pricing method model.

To determine the fair value of the preferred shares, warrants to purchase Series A preferred shares and warrants to purchase Series B preferred shares and Series B-1 preferred shares, we prepared a valuation of the fair value of each of these components. The components were evaluated using a combination of the probability weighted expected return method and a Black and Scholes option pricing method model.

The convertible loans, preferred shares and warrants to preferred shares were converted into Ordinary Shares or warrants to purchase Ordinary Shares of the Company upon the closing of the Company's IPO in July 2018.

The fair value of our IPO Warrants at December 31, 2020 and 2019, is based on the quoted price on Nasdaq (Level 1 valuation) as of the respective date.

The fair value of the Investor Warrants and the Broker Warrants, which is a valuation that is not based on observable market data, or a level 3 valuation, was determined based on the on the Monte-Carlo pricing model as of the issuance date and as of December 31, 2020.and 2019.

The following parameters were used:

	December 31, 2020	December 31, 2019	July 2, 2018
Price per share*	$1.08	$1.84-$2.07	865
Volatility	66%	62%-63%	62%
Risk free rate	0.1%-0.13%	1.63%-1.71%	N/A
Probability for IPO/shares registration	N/A	N/A	100%

∗ The price per share as of July 2, 2018 was based on the quoted price on Nasdaq prior to the share split.

Results of Operations

Comparison of Years Ended December 31, 2020 and 2019

	Year Ended December 31,		Increase (Decrease)	
	2020	2019	$	%
	(In thousands, except for percentage information)			
Revenues	$ 365	$ 236	$ 129	54.6%
Cost of revenues	209	210	(1)	(0.01)%
Operating expenses:				
Research and development expenses, net	$ 6,398	$ 7,199	$ (801)	(11.1)%
General and administrative expenses	4,891	4,281	610	14.2%
Operating loss	11,133	11,454	(321)	(0.03)%
Financial income, net	(1,170)	(659)	(511)	77.5%
Taxes on income	20	-	20	100%
Net loss	$ 9,983	$ 10,795	$ (812)	(0.08)%

Revenue

Revenues for the year ended December 31, 2020 and 2019 were 365,000 and $236,000, respectively. In 2020 and 2019, the majority of our revenues were attributable to research and development, or R&D services provided to Amgen under our 2018 collaboration agreement. For the accounting treatment see above [“—Financial Overview—Critical Accounting Policies and Estimates—Revenue Recognition.” We did not generate any revenues prior to the signing of the Amgen Agreement].

Cost of Revenues

The cost of revenues for the year ended December 31, 2020 were $209,000 compared to $210,000 for the year ended December 31, 2019 and were primarily attributed to salaries and related expenses in connection with the R&D services provided to Amgen.

Research and Development Expenses, Net

Research and development expenses for the year ended December 31, 2020 were $6.4 million, compared to $7.2 million for the year ended December 31, 2019, a decrease of $0.8 million. The decrease was primarily due to decreases of $0.5 million in professional and consulting services expenses and other expenses, $0.5 million in compensation-related expenses due to a reduction in headcount, and $0.4 million in materials and production costs due to the timing of manufacturing runs to support our clinical trials. These decreases were partially offset by an increase of $0.6 million due to increased EB613 clinical trial activities in 2020 relative to 2019.

General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2020 were $4.9 million, compared to $4.3 million for the year ended December 31, 2019. The increase of $0.6 million was primarily due to net increases of $0.2 million in compensation related expenses, $0.1 million in legal fees and $0.4 million in other expenses including insurance and board costs, which were partially offset by a decrease of $0.1 million in investor relations related expenses. The increase in compensation-related expenses was primarily due to an increase in headcount related to executive hires in the second half of 2020, which was partially offset by a decrease in share-based compensation due to the reversal of expenses related to the expiration of the former CEO's unvested options.

Financial Income, Net

Financial income, net for the year ended December 31, 2020 was $1.2 million, compared to $0.7 million for the year ended December 31, 2019. Our financial income is comprised mainly of gains resulting from the re-measurement of equity linked instruments that were liability classified and measured at fair value through profit and loss. For the assumptions used in the valuation of the convertible loans, preferred shares components and warrants see above "—Financial Overview—Critical Accounting Policies and Estimate—Fair Value of Financial Liabilities Through Profit or Loss."

A discussion with respect to a comparison of the results of operations of 2019 and 2018 is contained under "Item 5.A.–Results of Operations" our Annual Report on Form 20-F (File No. 001-38556) filed with the SEC on March 26, 2020.

5.B. Liquidity and Capital Resources

Since inception, we have incurred significant losses. As a result of our recurring losses from operations, negative cash flows and lack of liquidity, our independent registered public accounting firm included an explanatory paragraph in its report on our financial statements as of, and for the year ended, December 31, 2020, expressing the existence of substantial doubt about our ability to continue as a going concern. For the years ended December 31, 2020, 2019 and 2018, our operating losses were $11.1 million, $11.5 million and $10.9 million, respectively. We expect to continue to incur significant expenses and losses for the next several years as we advance our products through development and provide administrative support for our operations. As of December 31, 2020, we had an accumulated deficit of $72.9 million. Since our inception and through March 16, 2021, we have raised a total of $70.2 million, including $13.3 million from Ordinary Shares offered and sold under our ATM Program (as defined below in Item 10.C "Material Contracts"), of which $2.2 million was raised in 2021, $14.3 million from our Private Placement in December 2019 and February 2020, $11.2 million from our initial public offering and $31.3 million from sales of our Ordinary Shares, preferred shares, warrants, convertible loans and grants from IIA prior to our initial public offering. In addition, through March 16, 2021, we have received approximately $1.2 million under the Amgen Agreement. As of March 16, 2021, we had cash and cash equivalents of $15.4 million. Our primary uses of cash have been to fund research and development, general and administrative and working capital requirements, and we expect these will continue to be our primary uses of cash.

Pursuant to the provisions of the subscription agreements entered into by the Company as part of the Private Placement (as defined above), on June 5, 2020 we filed a registration statement on a Form F-3 with the SEC for the resale of the Ordinary Shares of such applicable selling shareholders that were issued in the Private Placement (including those issued upon exercise of the Investor Warrants), and such selling shareholders may, from time to time, offer and sell in one or more offerings or privately-negotiated transactions.

On July 13, 2020, we filed with the SEC an additional "shelf" registration statement on a Form F-3 for the registration of our Ordinary Shares that we may, from time to time, offer and sell in one or more offerings with an aggregate offering price of up to $100 million. In addition, certain Ordinary Shares under such Form F-3 are offered, issued and sold pursuant to that certain Equity Distribution Agreement with Canaccord Genuity LLC and pursuant to the ATM Program (as defined below in Item 10.C "Material Contracts").

Funding Requirements

We believe that our existing capital resources, not including potential milestone payments, will be sufficient to meet our projected operating requirements into the second quarter of 2022.

We have based these estimates on assumptions that may prove to be wrong, and we may use our available capital resources sooner than we currently expect. Because of the numerous risks and uncertainties associated with the development of our product candidates, and the extent to which we may enter into collaborations with third parties for development of these or other product candidates, we are unable to estimate the amounts of increased capital outlays and operating expenses associated with completing the development of our current and future product candidates. Our future capital requirements will depend on many factors, including:

- the costs, timing and outcome of clinical trials for, and regulatory review of, EB613, EB612 and any other product candidates we may develop;
- the costs of development activities for any other product candidates we may pursue;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- the impact of COVID-19, once known, on our clinical trials, regulatory timelines, business operations and financial stability; and
- our ability to establish collaborations on favorable terms, if at all.

We are in the process of evaluating various financing alternatives in the public or private equity markets, government grants or through license of our technology to additional external parties through partnerships or research collaborations as we will need to finance future research and development activities, general and administrative expenses and working capital through fund raising. However, there is no certainty about our ability to obtain such funding.

We do not have any committed external sources of funds. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our then-existing shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that may adversely affect your rights as a shareholder. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends and may include requirements to hold minimum levels of funding. If we raise additional funds through collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our technologies, future revenue streams or research programs or grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings or collaborations, when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market our oral PTH product candidates and any other product candidates that we would otherwise prefer to develop and market ourselves.

Our audited consolidated financial statements for the year ended December 31, 2020, included elsewhere in this Annual Report, note that there is substantial doubt about our ability to continue as a going concern as of such date; and in its report accompanying our audited consolidated financial statements included herein, our independent registered public accounting firm included an explanatory paragraph stating that our recurring losses from operations and lack of sufficient working capital raise substantial doubt as to our ability to continue as a going concern. This means that our management and our independent registered public accounting firm have expressed substantial doubt about our ability to continue our operations without an additional infusion of capital from external sources. The audited consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that may be necessary should we be unable to continue as a going concern. If we are unable to finance our operations, our business would be in jeopardy and we might not be able to continue operations and might have to liquidate our assets. In that case, investors might receive less than the value at which those assets are carried on our financial statements, and it is likely that investors would lose all or a part of their investment.

Cash Flows

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

The following table sets forth the primary sources and uses of cash for each of the periods set forth below:

	(audited) Year ended December 31,	
	2020	**2019**
	(in thousands)	
Cash used in operating activities	$ (10,423)	$ (8,919)
Cash (used in) provided by investing activities	(86)	3,946
Cash provided by financing activities	3,917	12,652
Net (decrease) increase in cash and cash equivalents	$ (6,592)	$ 7,679

Net Cash Used in Operating Activities

Net Cash used in operating activities for the year ended December 31, 2020 was $10.4 million consisting primarily of our operating loss of $11.1 million and a $0.4 million decrease in our working capital which was partially offset by share-based compensation of $0.9 million and $0.2 million of depreciation expenses.

Net Cash used in operating activities for the year ended December 31, 2019 was $8.9 million consisting primarily of our operating loss of $11.5 million which was partially offset by $1.5 million of share-based compensation, $0.2 million of depreciation expenses and a $0.7 million increase in our working capital.

The increase in cash used in operating activities from 2019 to 2020 was mainly due to a decrease of $1.1 million in working capital and a decrease of $0.6 million in share-based compensation, which were partially offset by a decrease of $0.4 million in operating loss.

Net Cash Used in Investing Activities

Net Cash used in investing activities for the year ended December 31, 2020 consisted primarily from the purchase of property and equipment and a restricted deposit in such regard.

Net Cash provided by investing activities for the year ended December 31, 2019 consisted primarily of the withdrawal of short-term bank deposits.

Net Cash Provided by Financing Activities

Net Cash provided by financing activities for the year ended December 31, 2020 mainly resulted from net proceeds of $0.8 million from the issuance of the Ordinary Shares and Warrants in the final closing of our December 2019 private placement offering and net proceeds of $3.5 million from the issuance of Ordinary shares under our ATM Program.Net Cash provided by financing activities for the year ended December 31, 2019 mainly resulted from net proceeds of $12.5 million from issuance of the Ordinary Shares and IPO Warrants in our private placement offering which was completed in December 2019.

A discussion with respect to a comparison of the results of operations of 2019 and 2018 is contained under “Item 5.B.–Liquidity and Capital Resources” our Annual Report on Form 20-F (File No. 001-38556) filed with the SEC on March 26, 2020.

5.C. [Reserved]

5.D. Trend Information.

We are currently in a development stage and we expect to remain in that stage for the upcoming year, and therefore trends relating to production, sales, inventory, backlog and selling prices are not applicable. See “Item 5.–Operating and Financial Review and Prospects” for a summary of recent trends.

5.F Contractual Obligations

The following tables summarize our contractual obligations and commitments as of December 31, 2020 that will affect our future liquidity:

	Payments due by period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
			(In thousands)		
Operating leases for facility and vehicles	$ 510	$ 205	$ 305	$ -	$ -
Total	$ 510	$ 205	$ 305	$ -	$ -

Severance Obligations

We have long-term liabilities for severance pay that are calculated pursuant to Israeli law generally based on the most recent salary of the relevant employees multiplied by the number of years of employment to the extent not covered by our regular deposits with defined contribution plans. As of December 31, 2020, our severance pay liability, net was immaterial. Because the timing of any such payments is not fixed and determinable, we have not included these liabilities in the table above.

Contingencies

We also have obligations to make future payments to third parties that become due and payable on the achievement of certain milestones, such as royalties upon sale of products or revenues from the Amgen Agreement. We have not included these commitments in our statements of financial position or in the table above because the achievement and timing of these milestones is not fixed and determinable. These potential future commitments include:

- a commitment to pay Oramed royalties equal to 3% of our net revenues pursuant to the terms of the Patent Transfer Agreement between us and Oramed; and
- a commitment to pay royalties to the IIA. See “Item 4.B.—Business Overview—Patent Transfer, Licensing Agreement and Grant Funding.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

6.A. Directors and Senior Management

The following table sets forth information relating to our executive officers and directors as of the date of this report. Unless otherwise stated, the address for our directors and executive officers is c/o Entera Bio Ltd., Kiryat Hadassah, Minrav Building - Fifth Floor, Jerusalem, Israel.

Name	**Age**	**Position**
Executive Officers		
Dr. Spiros Jamas	60	Chief Executive Officer and Director
Jonathan Lieber	51	U.S.-based Chief Financial Officer
Dana Yaacov-Garbeli	37	Israel-based Chief Financial Officer
Dr. Phillip Schwartz	59	President of Research and Development and Director
Dr. Hillel Galitzer	42	Chief Operating Officer
Dr. Arthur Santora	70	Chief Medical Officer
Non-Employee Directors		
Gerald Lieberman(2)	74	Director, Chairman of the Board of Directors
Dr. Roger J. Garceau	67	Director, Chief Development Advisor
Zeev Bronfeld	69	Director
Yonatan Malca	54	Director
Faith L. Charles(1) (2) (3) (4)	59	Director, Chairman of the Compensation Committee
Miranda J. Toledano(1) (2) (3) (4)	44	Director, Chairman of the Audit Committee
Gerald M. Ostrov(2) (3) (4)	71	Director
Sean Ellis	46	Director

(1) External Director under Israeli law.
(2) Independent director in accordance with SEC regulations and Nasdaq rules requirements applicable to us.
(3) Member of the Compensation Committee.
(4) Member of the Audit Committee.

Our Senior Management

Dr. Spiros Jamas has served as our Chief Executive Officer, or CEO, and director since January 4, 2021. Dr. Jamas is a biotech entrepreneur with over 30 years of senior management experience in the biopharmaceutical industry. He has served as CEO and/or founder of multiple high growth, innovation-driven companies including: as founding CEO of AOBiome Therapeutics, Inc. from 2013 to 2019, as CEO and Director of Tempero Pharmaceuticals, Inc. from 2008 to 2012, as CEO and Director of Enanta Pharmaceuticals, Inc. (NASDAQ: ENTA) from 2001 to 2004 and as CEO and Director of Alpha-Beta Technology, Inc. from 1988 to 1999. He has assembled high-performance teams to grow these organizations and led first-in-class R&D programs from early discovery through Investigative New Drug Application (IND) submissions and into advanced clinical development. As founding CEO of AOBiome, he created a leading skin microbiome company that launched the breakthrough skin probiotic AO+ Mist and Mother Dirt Consumer Brand and led the effort to file six IND's. At Enanta he led the initiation of the Hepatitis C drug development program. Over the course of his career, Dr. Jamas has raised over $300 million in funding from a variety of sources including public and private equity and debt. In addition to his significant experience in building biopharma companies, Dr. Jamas was the Global Healthcare Analyst in the Global Fundamental Strategies group at State Street Global Advisors, the world's second largest asset management firm. He is an author and co-inventor on numerous papers and patents. Dr. Jamas holds a Doctor of Science in Biotechnology from M.I.T., a M.Sc. also from M.I.T. and a B.Sc. in Chemical Engineering from UMIST, England

Jonathan Lieber has served as our U.S based Chief Financial Officer since November 2019. Mr. Lieber currently serves as a managing director of Danforth Advisors LLC. From July 2015 through September 2019, Mr. Lieber was Chief Financial Officer of Histogenics Corporation (NASDAQ: HSGX) a cell therapy company developing products for the orthopedics market. Prior to Histogenics, Mr. Lieber was Senior Vice President and Chief Financial Officer of Metamark Genetics, Inc., a privately held, urology-focused, molecular diagnostics company, from January 2014 to June 2015. From September 2012 to September 2013, Mr. Lieber served as the Chief Financial Officer and Treasurer of Repligen Corporation, a manufacturer and supplier of high-value consumables to the life sciences industry. From June 2009 to May 2012, Mr. Lieber served as Chief Financial Officer and Treasurer of Xcellerex, Inc., a privately held company engaged in the manufacture and sale of capital equipment and related consumables to the biopharmaceutical industry. Mr. Lieber received an M.B.A. in finance from the Stern School of Business of New York University and a B.S. in business administration from Boston University.

Dana Yaacov-Garbeli has served as our Israel-based Chief Financial Officer since June 2019. Ms. Yaacov-Garbeli is currently a partner at A2Z Finance Ltd, where she serves as an outsourced CFO to both private and publicly traded companies and provides additional consulting and accounting services. Ms. Yaacov-Garbeli previously served at PricewaterhouseCoopers Israel, including a short secondment to PricewaterhouseCoopers New York as a Senior Manager on audits of both public and privately held multi-national companies based in Israel, US and Europe, mainly in the pharmaceutical and biotech sectors. Ms. Yaacov-Garbeli holds a B.A in accounting and business management and an MBA in financial management from The College of Management and Academic studies. Ms. Yaacov-Garbeli is a Certified Public Accountant in Israel.

Dr. Phillip Schwartz has served as our President of Research and Development since August 2019, and as our director since our inception in 2010. Dr. Schwartz has previously served as our Chief Executive Officer from our inception in 2010 to August 2019. Dr. Schwartz has more than 20 years of biotech and pharmaceutical industry experience. He previously served as the manager of clinical affairs at Endo Pharmaceuticals plc from 2005 to 2010 and at Serono from 2002 to 2005, and held multiple positions in medical affairs, business development and clinical trial development at each of Endo Pharmaceuticals plc and Serono. He has also worked as an external consultant for a number of venture capital firms. He has also consulted privately and served as an associate of Health Advances, LLC for more than 20 large biotech and pharmaceutical companies from 2000 to 2002. He has multiple publications in tier one peer-reviewed journals and has presented papers at numerous international conferences. He has also worked in the neurobiology laboratory of Nobel Laureate Professor Torsten Wiesel of the Rockefeller University. Dr. Schwartz holds a B.A. in psychology and architecture from Columbia University, an M.Sc. in immunology while studying under Professor Irun Cohen at the Weizmann Institute, and a Ph.D. in neurobiology/development/oncology from Harvard Medical School. In addition to his scientific training, Dr. Schwartz completed numerous clinical courses as part of his program at Harvard Medical School. After completing his Ph.D., Dr. Schwartz was a fellow in pediatric oncology at the Dana Farber Cancer Institute and an officer of Harvard University Medical School.

Dr. Hillel Galitzer has served as our Chief Operating Officer since February 2014, and prior to that served as our Director of Scientific Development from July 2012. Dr. Galitzer has more than ten years of experience in medical research and molecular biology. Between August 2010 and February 2014, Dr. Galitzer was an analyst and the chief operating officer for Hadasit Bio Holdings Ltd., a publicly traded company on the Tel Aviv Stock Exchange (TASE: HDST) and OTC markets. He has more than 10 years of experience in medical research and molecular biology. He is the co-founder and former chief operating officer of Optivasive Inc. He has written numerous publications in peer-reviewed journals and has lectured and presented in international conferences and universities. Dr. Galitzer received his Ph.D. from the Hebrew University Medical School in Jerusalem, where he was mentored by two world renowned researchers in the areas of parathyroid hormone and calcium regulation, his M.B.A. from Bar Ilan University in Israel and his B.Med.Sc. from the Hebrew University Medical School in Jerusalem.

Dr. Arthur Santora has served as our Chief Medical Officer since September 2018. Dr. Santora has more than 30 years of experience in the biopharmaceutical industry. He spent the majority of his career in the clinical research team at Merck & Co., Inc., from June 1989 to March 2017, where he was the lead clinical research physician responsible for much of the clinical development of Fosamax® (alendronate sodium), one of the world's most prescribed osteoporosis treatments. He was closely involved in the clinical development of Merck's once-weekly Fosamax Plus D (alendronate sodium/ vitamin D3 combination tablets), the first drug/vitamin combination tablet in the US. His position at Merck immediately prior to his termination of services in 2017 was Scientific Associate Vice President of Clinical Research, where he was directly responsible for the technical and scientific support for all clinical research of Fosamax/Fosamax plus D and contributed to the development of many other osteoporosis and endocrine marketed and investigational drugs. Prior to joining Merck, he served as a Medical Officer at the US FDA and subsequently was a faculty member at Wayne State University Medical School in Detroit. Dr. Santora is a Clinical Associate Professor at the clinical faculty of Rutgers Robert Wood Johnson Medical School in New Brunswick, New Jersey. He has graduate training in Internal Medicine at Emory, and its Endocrinology and Metabolism subspecialty at the NIH in Bethesda. Dr. Santora received his M.D. and Ph.D. in biochemistry from Emory University in Atlanta.

Our Directors

Gerald Lieberman Mr. Lieberman has served as a member of our board of directors since April 2014 and became our Chairman in July 2019. Mr. Lieberman is also a member of the board of directors of Teva Pharmaceutical Industries Ltd. (NYSE and TASE: TEVA), a global leader in pharmaceuticals and the world's largest generic drug developer and manufacturer, where he chairs the Audit Committee and serves on both the Human Resources and Compensation Committee and the Finance Committee. He also serves as Chairman of the Board of Directors of DosenRx, Ltd., a Digital health company that has developed a personalized, patient-controlled device for delivering medication. He is also currently a special advisor at Reverence Capital Partners, a private investment firm focused on the middle-market financial services industry. From 2000 to 2009, Mr. Lieberman was an executive at Alliance Bernstein L.P., where he served as President and Chief Operating Officer from 2004 to 2009, as Chief Operating Officer from 2003 to 2004 and as Executive Vice President, Finance and Operations from 2000 to 2003. From 1998 to 2000, he served as Senior Vice President, Finance and Administration at Sanford C. Bernstein & Co., Inc., until it was acquired by Alliance Capital in 2000, forming AllianceBernstein L.P. Prior to that, he served in various executive positions at Fidelity Investments and at Citicorp. Prior to joining Citicorp he was a certified public accountant with Arthur Andersen. He previously served on the board of directors of Forest Laboratories, LLC from 2011 to 2014, Computershare Ltd. from 2010 to 2012 and AllianceBernstein L.P. from 2004 to 2009. Mr. Lieberman received a B.S. Beta Gamma Sigma with honors in business from the University of Connecticut.

Dr. Roger J. Garceau has served as a member of our board of directors since March 2016, and as our Chief Development Advisor since December 2016. From August 2020 to January 4, 2021, Dr. Garceau has also served as our interim Chief Executive Officer. Dr. Garceau has more than 30 years of broad pharmaceutical industry experience. He has been a director of Enterome SA since December 2016, and a director of ArTara Therapeutics since January 2019. Prior to joining Entera, Dr. Garceau served as Chief Medical Officer and Executive Vice President of NPS Pharmaceuticals, Inc. since December 2008 and January 2013 respectively, until February 2015, when NPS Pharmaceuticals, Inc., then traded on Nasdaq, was acquired by Shire plc. (NASDAQ: SHPG). Previously, Dr. Garceau served in several managerial positions with Sanofi-Aventis (NYSE: SNY) from 2002 until 2008, and Pharmacia Corporation from 1986 until 2002. Dr. Garceau is a board-certified pediatrician and is a Fellow of the American Academy of Pediatrics. Dr. Garceau holds a B.S. in Biology from Fairfield University in Fairfield, Connecticut and an M.D. from the University of Massachusetts Medical School.

Zeev Bronfeld has served as a member of our board of directors since 2010 and as chairman of our board of directors from September 2014 until November 2016. Mr. Bronfeld has vast experience in the management and value building of biotechnology companies. Mr. Bronfeld currently serves on the board of directors of D.N.A Biomedical, Electreon Wireless Ltd. and The Trendlines Group Ltd. as well as on the board of director of a number of privately-held companies, including, Contipi Medical Ltd. and as the chairman of the board of TransBiodiesel Ltd. Furthermore, since 2003, Mr. Bronfeld serves as the chief executive officer of M.B.R.T Development and Investments Ltd. Until January 2017, he served as a director of Macrocure Ltd. and until December 2016, he served as a director of D. Medical Industries Ltd. and Nasvax Ltd. Mr. Bronfeld, is a co-founder of Bio-Cell Ltd., an Israeli publicly traded holding company specializing in biotechnology companies, and served as its chief executive officer from 1986 until December 2014. Between 2010 through July 2014, he served as the chairman of the board of Protalix BioTherapeutics, Inc. (NYSE: PLX) and has served as a member of its board of directors since 2006. Mr. Bronfeld holds a B.A. in Economics from the Hebrew University of Jerusalem.

Yonatan Malca has served as a member of our board of directors since 2011. Mr. Malca currently serves as a Chief Executive Officer and director of D.N.A Biomedical, a position he has held since 2010. Mr. Malca also serves as a director of Arko Holdings Ltd. (TASE: ARKO), Nextgen-Biomed LTD. (TASE: NXGN) and of Tamda Ltd. (TASE: TMDA), all of which are Israeli public companies. Mr. Malca also serves on the board of directors of a number of private companies, including as chairman of the board of directors of Cardioart Technologies Ltd., a medical device company, and Beamed Ltd., a medical device company (a subsidiary of D.N.A Biomedical). Mr. Malca holds a B.A. in Economics and Statistics from Bar-Ilan University and an M.A. in Economics and Finance from Bar Ilan University, Israel.

Faith L. Charles has served as a member of our board of directors since September 2018. Ms. Charles is a partner in the Corporate Transactions and Securities Practice, and the chair of the Life Sciences Group at Thompson Hine, LLP. since 2010. In March 2019, Ms. Charles, joined the board of Amydis Inc., a private pharmaceutical company developing compounds and tests for the early detection of Alzheimer's and other Amyloid associate diseases. Since September 2018, Ms. Charles serves as a member of the board of Sandstone Diagnostics, Inc., a private technology and healthcare company focused on using centrifugal testing to improve healthcare. Since 2016, Ms. Charles serves as a member of the board of AgilVax Inc., a private biotechnology company focused on cancer immunotherapies and targeted infectious vaccines, and as a member of the board of Gilda's Club New York City, an organization that provides medical, emotional and support services to cancer patients and their families. Ms. Charles also serves as steering committee member and Co- Founder, and has previously served as chair, of Metro NY Women in Bio, an organization of professionals committed to promoting careers, leadership and entrepreneurship for women in the life sciences industry, since 2013. From 2000 until 2010, Ms. Charles served as partner at Mintz, Levin, Cohn, Ferris, Glovsky & Popeo, P.C. Prior to that, starting in 1986, Ms. Charles served as partner and associate at other law firms, where she focused on capital markets, licensing and other strategic collaborations and mergers and acquisitions for emerging and public companies. Ms. Charles holds a J.D. degree from The George Washington University Law School and a B.A. in Psychology from Barnard College, Columbia University. Ms. Charles is also a graduate of Women in Bio's Boardroom Ready Program, an Executive Education Program taught by The George Washington University School of Business.

Miranda J. Toledano has served as a member of our board of directors since September 2018. Ms. Toledano serves as Chief Operating Officer / Chief Financial Officer of TRIGR Therapeutics, a clinical stage immuno-oncology company focused on bispecific antibodies. Previously, from September 2016 until August 2017, Ms. Toledano served on the executive management team of Sorrento Therapeutics (Nasdaq: SRNE) as EVP Corporate Development. From 2012 to 2016, Ms. Toledano served as Head of Healthcare Investment Banking at MLV & Co. (acquired by B. Riley FBR & Co.), where she completed equity capital market transactions totaling over $4 billion in aggregate value. Prior to joining MLV, from 2004 until 2010, Ms. Toledano served in the investment group of Royalty Pharma, a leading investment firm with over $15 billion in biotherapeutic royalty assets. From 1998 to 2003, Ms. Toledano led the Life Sciences Corporate Finance group at Ernst & Young (Israel). Ms. Toledano holds a BA in Economics from Tufts University and an MBA in Finance and Entrepreneurship from the NYU Stern School of Business.

Gerald M. Ostrov has served as a member of our board of directors since January 2019. Mr. Ostrov consults and invests in new technologies in the medical device and consumer products fields. Mr. Ostrov currently serves on the board of directors of several privately held companies, including Mother's Choice, a natural products company working with industry giants, Addon Optics, an innovative technology company, and Nuvo, a developer of next generation baby and mother health monitoring for both hospital and home use. From 2008 to 2010, he served as Chairman and CEO of Bausch & Lomb. There Mr. Ostrov led the stabilization, streamlining and pipeline building of Bausch & Lomb following its going-private transaction. From 1998 until 2006, Mr. Ostrov very successfully served as Company Group Chairman for Johnson & Johnson's Worldwide Vision Care businesses. From 1991 to 1998, Mr. Ostrov worked for Johnson & Johnson and quickly rose to serve as Company Group Chairman of the Consumer and Personal Care businesses in North America. From 1982 to 1991, he served as President of CIBA Consumer Pharmaceuticals Company. From 1976 to 1982, he worked for the Health Care Division of Johnson & Johnson. From 1973 to 1976, Mr. Ostrov worked at Procter & Gamble. Mr. Ostrov holds a B.S. from Cornell and an M.B.A. from Harvard.

Sean Ellis has served as a member of our board of directors since June 2019. Mr. Ellis brings extensive knowledge of both life science industries and the U.S. financial markets, with a longstanding history in asset management. Mr. Ellis is a fund manager of Centillion Fund, a venture capital fund dedicated to Israeli investments, with a primary focus on investments in the biotech and healthcare industries. Centillion is one of Entera Bio's earliest investors and largest shareholders. Mr. Ellis is also the Managing Partner and founder of Redstone Capital, a technology venture capital fund operating in Eastern Europe and funded by SBI Japan and others. He holds a BA from New York University and MBA from Columbia University.

Arrangements Concerning Election of Directors; Family Relationships

We are not a party to, and are not aware of, any voting agreements among our shareholders. In addition, there are no family relationships among our executive officers and directors.

6.B. Compensation

Compensation of Executive Officers and Directors

The following table summarizes the compensation awarded to, earned by, or paid to each of our five most highly compensated directors and executive officers during the twelve months ended on December 31, 2020 (in U.S. dollars), excluding amounts paid to reimburse costs incurred in providing us services during such period:

Name	Position	Annual 2020 Compensation				
		Base Salary and Related Benefits ($) (1)	Bonus ($)	Retirement, Service Fees and Other Similar Benefits ($)	Share Based Compensation ($) (2)	Total ($)
Dr. Phillip Schwartz (3)	President of Research and development and Director	384	30	27	$ 169	610
Mr. Adam Gridley (4)	Former Chief Executive Officer and Director	380	110	32	$ 19	541
Dr. Hillel Galitzer (5)	Chief Operating Officer	292	50	17	$ 168	527
Dr. Arthur Santora (6)	Chief Medical Officer	355	-	-	$ 34	389
Mr. Jonathan Lieber (7)	U.S based Chief Financial Officer	240	-	-	45	285

(1) Includes base salary, social benefits and car allowances. The amounts shown in this column represent expenses recorded or to be recorded by the Company, calculated using the average monthly exchange rates of the relevant month in which the salary was recorded.

(2) Reflects the associated annual expense recorded in our financial statements for the year ended December 31, 2020, based on the grant date fair value of the share-based compensation granted in exchange for the directors' and officers' services. The fair value amount is recognized as an expense over the course of the vesting period of the options (subject to any applicable accounting adjustments during that period).

(3) Dr. Schwartz, who previously served as the Chief Executive Officer from inception through August 4, 2019, has served in his current position, since August 5, 2019. In November 2017, Dr. Schwartz was granted options to purchase 357,500 Ordinary Shares (with an exercise price of $6.31 per share) under our 2013 Equity Incentive Plan, of which 290,469 were vested as of March 16, 2021. The fair value of these options as of the grant date was $1,442,474.

(4) Mr. Gridley was appointed as our Chief Executive Officer on August 5, 2019 and resigned on August 7, 2020 with effect as of September 7, 2020. In connection with his appointment, Mr. Gridley was granted options to purchase 696,587 Ordinary Shares (with an exercise price of $2.75 per share) under our 2018 Equity Incentive Plan, or the 2018 Plan. The options will expire within 10 years from the grant date. This grant was ratified by our shareholders on October 3, 2019. The fair value of these options as of the grant date was $1,074,186. In April 2020 he was granted an additional 31,502 options to purchase 31,502 Ordinary Shares (with an exercise price of $1.98 per share) under our 2018 Plan, none of which were vested as of March 16, 2021. The options will expire within 10 years from the grant date. This grant was ratified by our shareholders on June 25, 2020. The fair value of these options as of the grant date was $37,176. Due to the termination of his employment, 553,942 of his options have yet to fully vest, and have therefore expired. and 174,147 of his option that were fully vested have been expired in December 2020.

(5) In November 2017, Dr. Galitzer was granted options to purchase 143,000 Ordinary Shares (with an exercise price of $6.31 per share) under our 2013 Equity Incentive Plan, of which 116,188 were vested as of March 16, 2021. The options will expire within 10 years from the grant date. The fair value of these options as of the grant date was $547,002. In March 2020, Dr. Galitzer was further granted options to purchase 175,000 Ordinary Shares (with an exercise price of $2.14 per share) under our 2018 Plan, of which 43,750 were vested as of March 16, 2021. The options will expire within 10 years from the grant date. The fair value of these options as of the grant date was $229,631.

(6) In January 2019, Dr. Santora was granted options to purchase 25,000 Ordinary Shares (with an exercise price of $3.97 per share) under our 2018 Plan, of which 18,750 were vested as of March 16, 2021. The options will expire within 10 years from the grant date. This grant was ratified by our shareholders on May 20, 2019. The fair value of these options as of the grant date was $67,078. In March 2020, Dr. Santora was further granted options to purchase 40,000 Ordinary Shares (with an exercise price of $2.14 per share) under our 2018 Plan,of which 10,000 were vested as of March16, 2021. The options will expire within 10 years from the grant date. This grant was ratified by our shareholders on June 25 2020. The fair value of these options as of the grant date was $46,067.

(7) In November 2019, Mr. Lieber was granted options to purchase 30,385 Ordinary Shares (with an exercise price of $2.53 per share) under our 2018 Plan, of which 18,991 were vested as of March 16, 2021. The options will expire within 10 years from the grant date. This grant was ratified by our shareholders on February 18, 2020. The fair value of these options as of the grant date was $59,797.

The aggregate compensation paid and the associated annual expense relating to equity-based compensation and other payments expensed by us to all of our directors and executive officers with respect to the year ended December 31, 2020 was $3.3 million. This amount does not include business travel, professional and business association dues and expenses reimbursed to office holders, and other benefits commonly reimbursed or paid by companies in our industry.

As of December 31, 2020, options to purchase a total of 1,544,971 Ordinary Shares granted to our current directors and executive officers were outstanding under our Share Incentive Plan, or the 2013 Plan, and under our 2018 Plan. The weighted average exercise price of options as of December 31, 2020, was $5.0 per share. For more information regarding our 2013 Plan and 2018 Plan, see “Item 6.E.—Share Ownership—Equity Incentive Plans.”

Under the Companies Law, a shareholder-approved compensation policy must serve as the basis for decisions concerning the terms of employment or engagement of our executive officers. For more information, please see “Item 6.C.—Board Practices—Compensation Policy.”

The total amounts set aside or accrued by the company or its subsidiary to provide pension, retirement or similar benefits for our executive officers and directors with respect to the year ended December 31, 2020 amounted to approximately $81,000

Compensation of Directors

The aggregate amount paid by us to our directors for the year ended December 31, 2020, was approximately $472,000. This amount does not include reimbursements or coverage of expenses.

Each non-executive (including non-employee) director is entitled to receive an annual cash payment as well as participation fees for attendance at board meetings and service on one or more board committees. Such amounts are equal to the maximum fixed statutory amounts set forth in the Companies Regulations (Rules Regarding the Compensation and Expenses of an External Director), 5760-2000, or the Compensation Regulations, for companies with equity size and value similar to ours, subject to certain reliefs included in the Companies Regulations (Relief for Public Companies with Shares Listed for Trading on a Stock Market Outside of Israel), 5760-2000, and further subject to adjustments. Each non-executive director is also entitled to reimbursements or coverage of expenses (including travel expenses).

In the event that a non-executive director serves as a member of the board of directors during only part of a year, a pro rata portion of the annual fee will be paid. Participation fees are paid, as applicable, by virtue of participation on one or more committees in which the non-executive directors are members, and for participation in meetings of the board of directors or written resolutions of such committee or the board of directors. The annual fee and the participation fees are paid on a quarterly basis.

On February 18, 2020, our shareholders approved the grant of options to Mr. Ellis to purchase 33,638 Ordinary Shares under the Company's 2018 Plan, with an exercise price of $2.53, which vest over three years in twelve equal quarterly installments starting June 24, 2019, following his appointment.

On March 3, 2021, our shareholders approved the grant of options to Dr. Jamas to purchase 1,314,218 Ordinary Shares under the Company's 2018 Plan, with an exercise price of $1.24, which vest over four years, with twenty-five percent (25%) of the options vesting on January 4, 2022 and the remaining seventy-five percent (75%) vesting in twelve equal quarterly installments over the next three (3) years in addition to such other terms as further reflected in his employment agreement filed as an exhibit to this Annual Report.

In addition, we have entered into service agreements with one of our non-executive directors. For information with respect to compensation arrangements with our directors that are also executive officers or employees, see "Item 7.B.—Related Party Transaction—Service and Employment Agreements."

Exculpation, Insurance and Indemnification of Directors and Officers

We have obtained, subject to shareholder approval, directors and officers liability insurance for the benefit of our office holders. In addition, we have entered into agreements with each of our directors and executive officers exculpating them from liability to us for damages caused to us as a result of a breach of duty of care and undertaking to indemnify them, in each case, to the fullest extent permitted by our Articles and Israeli Law. For more information, please see "Item 6.C.—Board Practices—Exculpation, Insurance and Indemnification of Directors and Officers".

6.C. Board Practices

Board of Directors

Under the Companies Law, our board of directors is responsible for setting our general policies and supervising the performance of management. Our board of directors may exercise all powers and may take all actions that are not specifically granted to our shareholders or to management. Our executive officers are responsible for our day-to-day management and have individual responsibilities established by our board of directors. Our chief executive officer is appointed by, and serves at the discretion of, our board of directors, subject to the terms of the employment agreement that we have entered into with him. All other executive officers are also appointed by our board of directors (unless the board of directors has delegated the ability to appoint such other executive officers to the chief executive officer, either alone or together with other persons designated by the Board), and are subject to the terms of any applicable employment agreements that we may enter into with them.

Our board of directors currently consists of ten directors, including our two external directors, Ms. Faith L. Charles and Ms. Miranda J. Toledano, whose appointment fulfills the requirements of the Companies Law. See "—External Directors." In addition, these two directors qualify as independent directors under the corporate governance standards of the Nasdaq rules and the audit committee independence requirements of Rule 10A-3 of the Exchange Act. Mr. Gerald Lieberman and Mr. Gerald M. Ostrov also satisfy the independence requirements of the Nasdaq rules and the Exchange Act.

According to our Articles, the number of members of our board of directors must be at least three and cannot be more than ten. Our board of directors, other than external directors, is divided into three classes, with staggered three-year terms and one director class coming up for election each year. The Class I directors will serve until our annual meeting of shareholders in 2021. The Class II directors were re-elected at our 2019 annual meeting of shareholders to serve until our annual meeting of shareholders in 2022. Our Class III directors were re-elected at our 2020 annual meeting of shareholders to serve until our annual meeting of shareholders in 2023. The members of the classes as of the date hereof are divided as follows:

- the Class I directors are Zeev Bronfeld and Roger Garceau;
- the Class II directors are Phillip Schwartz and Yonatan Malca; and
- the Class III directors are Gerald Lieberman, Gerald M. Ostrov and Mr. Sean Ellis.

Dr. Spiros Jamas was also appointed by our board to serve as our director in January 2021. Dr. Spiros Jamas will serve until our annual meeting of shareholders in 2021.

External Directors are elected at shareholder meetings as described under "—External Directors" below.

At each annual meeting of shareholders, directors will be elected to succeed the class of directors whose term has expired. This classification of our board of directors could have the effect of increasing the length of time necessary to change the composition of a majority of the board of directors. In general, at least two annual meetings of shareholders will be necessary for shareholders to effect a change in a majority of the members of the board of directors.

In accordance with the exemption available to foreign private issuers, we do not follow the requirements of the Nasdaq rules with regard to the process of nominating directors, and instead, follow Israeli law and practice, in accordance with which our board of directors (or a committee thereof) is authorized to recommend to our shareholders director nominees for election.

Under the Companies Law and our Articles, nominees for directors may also be proposed by any shareholder holding at least one percent (1%) of our outstanding voting power. However, any such shareholder may propose a nominee only if a written notice of such shareholder's intent to propose a nominee has been given to our Secretary (or, if we have no such Secretary, our Chief Executive Officer). Any such notice must include certain information, including, inter alia, a description of all arrangements between the nominating shareholder and the proposed director nominee and any other person pursuant to which the nomination is to be made by the nominating shareholder, the consent of the proposed director nominee to serve as our director if elected and a declaration signed by the nominee declaring that there is no limitation under the Companies Law preventing his or her election, and that all of the information that is required under the Companies Law to be provided to us in connection with such election has been provided.

Our board of directors is also authorized to appoint directors in order to fill vacancies, including filling empty board seats if the number of directors is below the maximum number permitted under our Articles. Each of our directors, other than our external directors, will serve from the date of election or appointment until the next annual meeting of shareholders for which such director's class is due for reelection. The approval of at least a majority of the voting power in the Company is generally required to remove any of our directors from office (other than external directors).

Under the Companies Law, our board of directors must also determine the minimum number of directors who are required to have accounting and financial expertise (regardless of the requirement to appoint an external director with accounting and financial expertise, as provided below under "—External Directors"). In determining the number of directors required to have such expertise, our board of directors must consider, among other things, the type and size of the company and the scope and complexity of its operations. Our board of directors has determined that the minimum number of directors of our company who are required to have accounting and financial expertise is one. Our board of directors has determined that Mr. Gerald Lieberman has financial and accounting expertise as defined in the regulations promulgated under the Companies Law, or Financial and Accounting Expertise.

Our board has further determined that Ms. Miranda J. Toledano, an external director, also has Financial and Accounting Expertise. In addition, our board of directors has determined that Ms. Toledano, who has been nominated to serve on our audit committee, is financially literate as determined in accordance with the Nasdaq rules and is qualified to serve as an audit committee financial expert as defined by SEC rules, or Audit Committee Financial Expert.

Other than with respect to our directors that are also executive officers or employees, there are no arrangements or understandings between us, on the one hand, and any of our directors, on the other hand, providing for benefits upon termination of their service as directors of our Company. For information with respect to compensation arrangements with our directors that are also executive officers or employees, see "Item 7.B.—Related Party Transactions—Service and Employment Agreements,"

“Item 7.B.—Related Party Transactions—Indemnification Agreements and Directors’ and Officers’ Liability Insurance,” and “Item 7.B.—Related Party Transactions—Employment Agreements with Executive Officers.”

Chairman of the Board

In accordance with our Articles, our board of directors is required to appoint one or more of its members to serve as chairman of the board of directors. Our board of directors has appointed Mr. Gerald Lieberman to serve as chairman of our board of directors.

Arrangements for Election of Directors

Pursuant to the terms of the Amended and Restated Investors' Rights Agreement among us, the Centillion Fund, or Centillion, and the other parties thereto, for as long as Centillion and its affiliates hold an aggregate of at least 10% of our issued and outstanding Ordinary Shares, we will nominate, if so requested by Centillion and as permitted by applicable law, a designee of Centillion for election by our shareholders as a member of our board of directors and will recommend that our shareholders vote in favor of such election. As of December 31, 2020, Centillion holds approximately 5.37% of our issued and outstanding Ordinary Shares.

Alternate Directors

Our Articles provide that, as permitted under Israeli law, any director may appoint another person, who is qualified to be appointed as a director and who is not a director or an alternate director, to serve as his or her alternate director, subject to the approval of a majority of the members of the board of directors, excluding such director. The term of an alternate director could be terminated at any time by the appointing director or our board of directors and would terminate under circumstances in which, according to our Articles, the term of any director shall terminate or automatically terminate upon the termination of the term of the appointing director. The Companies Law stipulates that an external director may not appoint an alternate director, except under very limited circumstances. An alternate director has the same rights and responsibilities as a director, except for the right to appoint an alternate director.

External Directors

Under the Companies Law, companies incorporated under the laws of the States of Israel that are "public companies," including companies with shares listed on Nasdaq, are generally required to have at least two external directors who meet certain independence criteria to ensure that they are unaffiliated with the company and its controlling shareholder(s).

An external director must also have either Financial and Accounting Expertise or professional qualifications, as defined in regulations promulgated under the Companies Law, while at least one of the external directors is required to have Financial and Accounting Expertise. An external director is entitled to reimbursement of expenses and compensation as provided in regulations promulgated under the Companies Law, but is otherwise prohibited from receiving any other compensation from us, directly or indirectly, during his term and for two years thereafter, other than exculpation, insurance, an undertaking to indemnify or indemnification.

Under the Companies Law, external directors must be elected at a shareholder meeting by a simple majority of the votes cast on the matter, provided that (i) such majority includes a majority of the votes cast by non-controlling shareholders and shareholders who do not have a personal interest in the election (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder), or (ii) the total number of shares held by shareholders who do not have a personal interest (as described herein, in sub-section (i)) who voted against the election did not exceed 2% of our aggregate voting rights in the Company. External directors serve for up to three terms of three years each. Even if an external director is not nominated by our board of directors for re-election for a second or third term, the external director may be nominated for re-election by either (i) one or more shareholders holding at least 1% of our voting rights, or (ii) the external director itself. If nominated by our board of directors, the re-election should be approved by the same process for initial election as described hereinabove. If nominated by one or more shareholders holding at least 1% or by the external director itself, the re-election can be approved by a simple majority, provided that (i) votes cast by controlling shareholders and shareholders who have a personal interest in the election (excluding a personal interest that did not result from the shareholder's relationship with the controlling shareholder) and abstentions are not taken into account, (ii) the votes cast by such non-controlling and disinterested shareholders for approval of the election exceed 2% of our aggregate voting rights, and (iii) the external director has no affiliations listed in Section 245(a1)(1)(c) of the Companies Law. A term of an external director may be terminated prior to expiration only by a shareholder vote (by the same threshold required for election), or by a court, but in each case only if the external director ceases to meet the statutory qualifications for election or if the external director violates his duty of loyalty to us.

Each committee of a company's board of directors that is authorized to exercise powers of the board of directors is required to include at least one external director, and all external directors must be members of the company's audit committee and compensation committee. Ms. Faith L. Charles and Ms. Miranda J. Toledano were elected to serve as our external directors in our 2018 annual meeting of shareholders. The term of office of each of Ms. Charles and Ms. Toledano as an external director will expire in September 2021.

Board Committees

Our board of directors has established the following committees:

Audit Committee

Composition and Quorum

Under the Companies Law, the board of directors of a public company must establish an audit committee. The audit committee must consist of at least three directors who meet certain independence criteria and must include all of the company's external directors, one of whom must serve as chairperson of the committee. The audit committee may not include the chairman of the board, a controlling shareholder of the company, a relative of a controlling shareholder, a director employed by or providing services on a regular basis to the company, to a controlling shareholder or to an entity controlled by a controlling shareholder, or a director who derives most of his or her income from a controlling shareholder. In addition, under the Companies Law, the majority of the directors serving on the audit committee of a publicly traded company must be unaffiliated directors. In general, an "unaffiliated director" under the Companies Law for "public companies," including companies with shares listed on Nasdaq, is defined as either an external director or as a director who meets the following criteria:

- he or she meets the primary qualifications for being appointed as an external director, except for the requirements that the director possess accounting and financial expertise or professional qualifications; and

- he or she has not served as a director of the company for a period exceeding nine consecutive years, subject to extension for additional terms under certain circumstances. For this purpose, a break of less than two years in the service shall not be deemed to interrupt the continuation of the service.

Under Nasdaq rules and SEC regulations applicable to foreign private issuers, we are required to maintain an audit committee consisting of independent directors, one of whom has accounting or related financial management expertise and qualifies as an Audit Committee Financial Expert as such term is defined in Item 407(d)(5) of Regulation S-K of the Securities and Exchange Act of 1934.

In order for a director to be designated as "independent" under general Nasdaq rules and SEC regulations, he or she must not have a material relationship with the company that would impair his or her independence, such as, inter alia, a commercial, consulting, legal, accounting or familial relationships. However, ownership of a significant amount of shares or affiliation with a major shareholder should not, in and of itself, preclude the board from determining that a director is independent, nor is the board precluded from appointing its chairman as a member of the audit committee or as chairman of the committee.

In order for a director to be designated as "financially literate" under Nasdaq rules and SEC regulations, he or she is required to have sufficient understanding of the language of accounting and corporate finance to act as an effective overseer of the integrity of a company's financial reporting process and its financial statements, including the selection and oversight of the performance of the external and internal auditors.

In order for a director to qualify as an Audit Committee Financial Expert under SEC regulations he or she must have education and experience as chief financial officer, chief accounting officer, controller, public accountant or auditor, or experience in one or more positions that involve the performance of similar functions or in actively supervising such positions. If no audit committee member qualifies, the company must state why its audit committee lacks a financial expert.

Our audit committee consists of Miranda J. Toledano (Chairman), Faith L. Charles and Gerald M. Ostrov. Each of the members of our audit committee is eligible to be classified as an independent director in accordance with SEC regulations and satisfies the independent director requirements under Nasdaq rules applicable to us. All designated members of our audit committee meet the requirements for financial literacy Nasdaq rules and SEC regulations. Our board has determined that Ms. Miranda J. Toledano is an Audit Committee Financial Expert, as such term is defined under applicable SEC rules. Ms. Faith L. Charles and Ms. Miranda J. Toledano, members of our audit committee, serve as our external directors.

Roles, Responsibilities and Procedures

Our audit committee provides assistance to our board of directors in fulfilling its legal and fiduciary obligations in matters involving our accounting, auditing, financial reporting, internal control and legal compliance functions by pre-approving the services performed by our independent accountants and reviewing their reports regarding our accounting practices. Our audit committee also oversees the audit efforts of our independent accountants and takes those actions that it deems necessary to satisfy itself that the accountants are independent of management.

Our board of directors has adopted an audit committee charter that sets forth the responsibilities of the audit committee consistent with the rules and regulations of the SEC and the Nasdaq, as well as the requirements for such committee under the Israeli Companies Law, including: (a) oversight of our independent auditor and appointment, pre-approval of the engagement, compensation, retention or termination of engagement of our independent auditor (subject to shareholder ratification), and examination of the scope of work and fees of the independent auditor and submission of recommendations to our shareholders; (b) review of the independence and quality control procedures of the independent auditor and the experience and qualifications of the independent auditor's senior personnel that are providing audit services to the Company; (c) meeting with the Company's management and independent auditor to discuss certain issues regarding the annual audit, separately meeting the independent auditor to discuss certain other audit issues regarding the annual audit, reviewing our annual audited financial statements and quarterly financial statements with management and the independent auditor, including a review of our disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and with respect to the annual audit, determining whether to recommend to the board of directors that the audited financial statements be included in the Company's Annual Report for the fiscal year subject to the audit; (d) discuss with management and the independent auditor the Company's earnings press releases, as well as financial information and earnings outlook provided to analysts and rating agencies; (e) reviewing any impairment in the management of the Company's business, and suggesting an appropriate course of action to the board of directors; (f) to the extent required under applicable law, (i) conduct an appropriate review and oversight of all "related party transactions" for potential conflict of interest situations on an ongoing basis, as required under applicable law, and approve such transactions, where required; (ii) decide if an action of an officer is "material"; and (iii) decide if a transaction of the Company with an officer or controlling shareholder (or in which they have a personal interest) is an extraordinary transaction, or Extraordinary Transaction, and the way in which a non-redundant transaction, or Non-redundant Transaction, shall be approved, including such type of Non-redundant Transaction which shall require the approval of the Committee; (g) discuss with the independent auditor and any other organ of the Company as the committee deems appropriate at its sole discretion, any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding the Company's financial statements, financial reporting process, accounting policies or internal audit function; (h) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding impairment in the business management, accounting, internal accounting controls or auditing matters and establish procedures for the confidential and anonymous submission by employees regarding questionable accounting or auditing matters; (i) providing the Company with the report with respect to the audited financial statements for inclusion in each of the Company's annual proxy statements; (j) reporting regularly to, and review with the board of directors any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditor, the performance of the Company's internal audit function, the internal auditor's work plan or any other matter the committee determines necessary or advisable to report to the board of directors, including any new or proposed accounting policies to be adopted by the Company or any new standards promulgated by the SEC or other regulatory body; (k) at least annually, performing an evaluation of the performance of the committee and its members, and, annually reviewing and re-assessing the committee's charter and submitting any recommended changes to the board of directors for its consideration; (l) without otherwise limiting or impacting the responsibilities of any other committee of the board of directors pursuant to applicable law, proposing the appointment, termination and replacement of the internal auditor to the board of directors as required under the Companies Law; (m) examining the internal audit function and performance and if he/she has reasonably sufficient resources and tools in order to perform his or her role, taking into account the Company's special needs and size; (n) setting clear hiring policies for employees or former employees of the Company's independent auditor; (o) discussing the Company's information security, business continuity programs and controls and systems to monitor and manage business risk; and (p) any other responsibilities which may be assigned from time to time by the Company's board of directors.

The responsibilities of an audit committee under the Companies Law include (a) identifying and addressing deficiencies in the business management practices of the company, including, inter alia, in consultation with our internal auditor or the independent auditor, and making recommendations to the board of directors as to how to correct such practices; (b) determining whether certain related party transactions are extraordinary or material under the Israeli Companies Law, including transactions in which an office holder has a personal interest, and whether to approve such transactions; (c) establishing the approval process for certain transactions with a controlling shareholder or in which the controlling shareholder has a personal interest; (d) examining and approving the work plan of the internal auditor, subject to any modifications in its discretion; (e) examining our internal audit controls and internal auditor's performance, including whether the internal auditor has sufficient resources and tools to fulfill his responsibilities; (f) examining the scope of our independent auditor's work and compensation and submitting its recommendation with respect thereto to our board of directors or shareholders, depending on which of them is considering the appointment of our auditor; and (g) establishing procedures for the handling of employees' complaints as to the management of our business and the protection to be provided to such employees.

Our audit committee is also responsible for assisting our board of directors in monitoring our financial statements and our compliance with legal and regulatory requirements.

A "personal interest" includes an interest of any person in an action or transaction of a company, excluding any interest arising solely from holding the Company's shares, but including the personal interest of such person's spouse, siblings, parents, grandparents, descendants, spouse's descendants, siblings or parents or the spouse of any of such persons, and the personal interest of any entity in which such person or one of the aforementioned relatives of such person serves as a director or chief executive officer, owns 5% or more of such entity's outstanding shares or voting rights or has the right to appoint one or more directors or the chief executive officer. Further, in the case of a person voting by proxy at a shareholder meeting, "personal interest" includes the personal interest of either the proxy holder or the shareholder granting the proxy, whether or not the proxy holder has discretion how to vote.

Under the Israeli Companies Law, an Extraordinary Transaction is defined as any of the following:

- a transaction other than in the ordinary course of business;
- a transaction that is not on market terms; or
- a transaction that may have a material impact on a company's profitability, assets or liabilities.

Our audit committee may not approve any actions requiring its approval, unless, at the time of the approval, a majority of the committee's members are present, which majority consists of independent directors.

Compensation Committee

Composition and quorum

Under the Companies Law, the board of directors of a public company must establish a compensation committee. The compensation committee must consist of at least three directors who meet certain independence criteria and must include all of the company's external directors.

Our compensation committee consists of Faith L. Charles (Chairman), Miranda J. Toledano and Gerald M. Ostrov. Our compensation committee satisfies the requirements of the Companies Law, but not Nasdaq rules applicable to compensation committees, which the Company has chosen to opt out of as a foreign private issuer. Nevertheless, each member of our compensation committee is independent under Nasdaq rules. Ms. Faith L. Charles and Ms. Miranda J. Toledano, members of our compensation committee, serve as our external directors. See "Item 16.G.—Corporate Governance Practices" below.

Roles, responsibilities and procedures

Our board of directors has established a compensation committee and adopted a charter setting forth its purpose, which includes: (a) assisting the board of directors in discharging its responsibilities relating to (i) the compensation of the Company's directors, chief executive officer and other executive officers, and (ii) the overall Company's compensation programs; (b) recommending the approval of a compensation policy to the board, in accordance with the requirements of the Companies Law, and any other incentive-based compensation plans and equity-based plans (collectively, the "Compensation Plans and Policies"); (c) oversight of the development and implementation of the Compensation Plans and Policies that are appropriate for the Company in light of all relevant circumstances, and recommend to the board of directors any amendments or modifications to the Compensation Plans and Policies that the committee deems appropriate, including the extension of Compensation Plans and Policies as required by the Companies Law; (d) determining whether to approve transactions concerning the terms of engagement and employment of the Company's chief executive officer, other executive officers and directors that require the Committee approval under the Companies Law or the Compensation Plans and Policies; (e) taking any further actions as the committee is required or allowed to under the Companies Law or the Compensation Plans and Policies; (f) reviewing and approving, or if required by law, approving and recommending the board of directors to approve grants and awards under the Company's equity incentive plans; and (g) reviewing the adequacy of the committee's charter on an annual basis, and recommending the board of directors any amendments or modifications to the charter that the committee deems appropriate.

Compensation Policy

Under the Israeli Companies Law, a compensation policy must be adopted by the board of directors after considering the recommendations of the compensation committee and needs to be further brought before the company's shareholders for approval, referred to herein as the Special Majority Approval for Compensation. A Special Majority Approval for Compensation requires shareholder approval by a majority vote of the shares present and voting at a meeting of shareholders called for such purpose, provided that either: (a) such majority includes at least a majority of the shares held by all shareholders who are not controlling shareholders and do not have a personal interest in such compensation arrangement; or (b) the total number of shares of non-controlling shareholders and shareholders who do not have a personal interest in the compensation arrangement and who vote against the arrangement does not exceed 2% of the company's aggregate voting rights.

The compensation policy must serve as the basis for decisions concerning the terms of employment or engagement of office holders, including exculpation, insurance, indemnification, indemnification undertakings and any monetary payment and obligation of payment in respect of employment or engagement. The compensation policy must relate to certain factors, including advancement of the company's objectives, the company's business plan and its long-term strategy, and creation of appropriate incentives for office holders. It must also consider, inter alia, the company's risk management, size and the nature of its operations.

The compensation policy must furthermore consider additional factors, as follows: (a) the knowledge, skills, expertise and accomplishments of the relevant office holder; (b) the office holder's roles and responsibilities and prior compensation agreements with him or her; (c) the ratio between the terms offered and the average compensation of the other employees of the company, including those employed through manpower companies; (d) the impact of disparities in salary upon work relationships in the company; (e) the possibility of reducing variable compensation at the discretion of the board of directors; (f) as to variable compensation, the possibility of setting a limit on the exercise value of non-cash variable equity-based compensation; and (g) as to severance compensation, the period of service of the office holder, the terms of his or her compensation during such service period, the company's performance during that period of service, the person's contribution towards the company's achievement of its goals and the maximization of its profits, and the circumstances of termination of service.

A compensation policy must also include the following principles: (a) the link between variable compensation and long-term performance and measurable criteria; (b) the ratio between variable and fixed compensation, and the ceiling for the value of variable compensation; (c) the conditions under which an office holder would be required to repay compensation paid to him or her if it was later shown that the data upon which such compensation was based was inaccurate and was required to be restated in the company's financial statements; (d) the minimum holding or vesting period for variable, equity-based compensation; and (e) maximum limits for severance.

Under the Israeli Companies Law, every three years we are required to re-obtain the approval of our compensation committee, board of directors and shareholders for either the continuation of our existing compensation policy or adoption of a new compensation policy, provided however that the compensation policy adopted within nine months from the closing of our initial public offering is valid for five years, specifically July 2, 2023. Our compensation policy was adopted by our shareholders on September 27, 2018 (following our initial public offering dated July 2, 2018), after having been recommended by our compensation committee and approved by our board of directors, and will therefore need to be either re-approved, amended, or replaced by a new policy only in 2023, and every three years thereafter.

Our compensation committee may conduct or authorize investigations into, or studies of, matters within its scope of responsibilities, and may retain or obtain the advice of a compensation consultant, legal counsel or other advisor in its sole discretion. The compensation committee is directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other advisor that it retains, at the expense of the Company. The compensation committee may select, or receive advice from, a compensation consultant, legal counsel or other advisor to the compensation committee, other than in-house legal counsel, only after conducting an assessment of, and determining, the advisor's independence, including whether the advisor's work has raised any questions of independence or conflicts of interest, taking into consideration the Exchange Act, the factors set forth in Nasdaq rules and any other factors that the committee deems relevant.

In 2017, in determining the compensation of certain executive officers, including bonus amounts, in 2018 in determining our compensation policy and in 2019 in determining the compensation of our chief executive officer the compensation committee retained the services of a compensation consultant, Brightman Almagor Zohar & co., or Deloitte, to conduct a comparative survey of the compensation of such office holders. The 2017 and 2018 surveys examined the publicly-reported cash and equity compensation of chief executive officers and other executive officers, of 8 comparable Israeli pharmaceutical and biotechnology companies. The 2019 comparative survey examined the publicly-reported cash and equity compensation of board members of 9 comparable U.S., and 6 comparable Israeli pharmaceutical and biotechnology companies.

Internal Auditor

Under the Companies Law, the board of directors is required to appoint an internal auditor recommended by the audit committee. The role of the internal auditor is to examine, inter alia, whether the company's actions comply with applicable law and proper business procedures. The internal auditor may not be an interested party, an officer or director of the company, or a relative of any of the foregoing, nor may the internal auditor be our independent accountant or any person on its behalf. An "interested party" means any person who serves as a director or chief executive officer, owns 5% or more of such entity's outstanding shares or voting rights or has the right to appoint one or more directors or the chief executive officer. In January 2019, Ms. Irena Ben-Yakar from Deloitte was appointed as the Company's internal auditor.

Exculpation, Insurance and Indemnification of Directors and Officers

Under the Companies Law, a company may not exculpate an office holder (including director) from liability for a breach of the duty of loyalty. An Israeli company may exculpate an office holder in advance from liability to the company, in whole or in part, for damages caused to the company as a result of a breach of duty of care but only if a provision authorizing such exculpation is included in its articles of association. Our Articles include such a provision. Notwithstanding, a company may not exculpate in advance a director from liability arising out of a breach of duty of care caused by dividend or distribution to shareholders.

Under the Companies Law, a company may indemnify an office holder in respect of the following liabilities and expenses incurred for acts performed by him or her as an office holder, either pursuant to an undertaking made in advance or following the indemnified event, if its articles of association includes a provision allowing such indemnification:

- financial liability imposed on him or her in favor of another person pursuant to a judgment, including a settlement or arbitrator's award approved by a court. However, if an undertaking to indemnify an office holder with respect to such liability is provided in advance, then such an undertaking must be limited to events which, in the opinion of the board of directors, can be foreseen based on the company's activities when the undertaking to indemnify is given, and to an amount or according to criteria determined by the board of directors as reasonable under the circumstances, and such undertaking shall detail such foreseen events and amount or criteria;

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder (1) as a result of an investigation or proceeding instituted against him or her by an authority authorized to conduct such investigation or proceeding, provided that (i) no indictment was filed against such office holder as a result of such investigation or proceeding, and (ii) no financial liability was imposed upon him or her as a substitute for the criminal proceeding as a result of such investigation or proceeding or, if such financial liability was imposed, it was imposed with respect to an offense that does not require proof of criminal intent; and (2) in connection with a forfeit; and

- reasonable litigation expenses, including attorneys' fees, incurred by the office holder or imposed by a court in proceedings instituted against him or her by the company, on its behalf or by a third party, or in connection with criminal proceedings in which the office holder was acquitted, or as a result of a conviction for an offense that does not require proof of criminal intent.

Under the Companies Law, a company may insure an office holder against the following liabilities incurred for acts performed by him or her as an office holder, if and to the extent provided in the company's articles of association:

- a breach of the duty of loyalty to the company, provided that the office holder acted in good faith and had reasonable grounds to believe that the act would not harm the company;

- a breach of the duty of care to the company or to a third party; and

- a financial liability imposed on the office holder in favor of a third party.

However, under the Companies Law, a company may not indemnify, exculpate or insure an office holder against any of the following:

- a breach of the duty of loyalty, except for indemnification and insurance for a breach of the duty of loyalty to the company to the extent that the office holder acted in good faith and had a reasonable grounds to believe that the act would not harm the company;
- a breach of the duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the office holder;
- an act or omission committed with intent to derive illegal personal benefit; or
- a fine, monetary sanction, forfeit or penalty levied against, or imposed upon, the office holder.

Under the Companies Law, exculpation, indemnification and insurance of office holders in a public company must be approved by the compensation committee and the board of directors, and with respect to certain office holders or under certain circumstances, also by the shareholders.

Our Articles permit us to exculpate, indemnify and insure our office holders to the fullest extent permitted or to be permitted by the Companies Law.

We have obtained, subject to shareholder approval, directors and officers liability insurance for the benefit of our office holders of $12.5 million per annum. We intend to maintain such coverage and pay all premiums thereunder to the fullest extent permitted by the Companies Law. In addition, we have entered into agreements with each of our directors and executive officers exculpating them from liability to us for damages caused to us as a result of a breach of duty of care and undertaking to indemnify them, in each case, to the fullest extent permitted by our Articles and Israeli Law.

6.D. Employees

As of December 31, 2020, we had 18 employees and consultants based in Israel, including 16 full-time employees, two part time employees, and one part-time consultant who serves as our Israel-based CFO. In addition, we had four part time consultants based in the U.S., including our CMO and U.S-based CFO. Six of our employees and consultants have either PhDs or MDs. The distribution of our full-time employees according to main areas of activity is set forth in the following table:

	Employees
Area of Activity:	
Research and development	14
General and administrative	2
Total	16

Israeli labor laws govern the length of the workday and workweek, minimum wages for employees, procedures for hiring and dismissing employees, determination of severance pay, annual leave, sick days, advance notice of termination, payments to the National Insurance Institute, and other conditions of employment and include equal opportunity and anti-discrimination laws. While we are not, and none of our employees is, party to any collective bargaining agreements, certain provisions of the collective bargaining agreements between the Histadrut (General Federation of Labor in Israel) and the Coordination Bureau of Economic Organizations (including the Industrialists' Associations) are applicable to our employees in Israel by order of the Israeli Ministry of the Economy. These provisions primarily concern pension fund benefits for all employees, insurance for work-related accidents, recuperation pay and travel expenses. We generally provide our employees with benefits and working conditions beyond the required minimums. We have never experienced any employment-related work stoppages and believe our relationships with our employees are good.

6.E. Share Ownership

The following table provides information with respect to our securities held by our directors and executive officers as of March 16, 2021:

Name	Type of Security	Number of Securities[1]	Options/warrants Exercise Price ($)	Options/ warrants Exercise Date	Expiration Date	Percent of Shares Outstanding[2]
Dr. Phillip Schwartz	Shares	579,410	-	-	-	
	Options	357,500	6.31	11/23/2021	11/23/2023	
						3.62%
Dr. Hillel Galitzer	Shares	36,010	-	-	-	
	Options	143,000	6.31	11/15/2021	11/15/2023	
	Options	175,000	2.14	3/16/2024	16/3/2030	
						*
Dr. Arthur Sentora	Options	25,000	3.97	1/16/2022	1/17/2029	
	Options	40,000	2.14	03/1/2024	16/3/2030	
						*
Jonatan Lieber	Options	30,385	2.53	11/17/2021	11/17/2029	*

* Less than 1%
(1) As of March 16, 2021.
(2) The percent of shares outstanding held by each beneficial ownership of our Ordinary Shares is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership, generally, includes any shares over which a person exercises sole or shared voting or investment power, or the right to receive the economic benefit of ownership. For purposes of the table and the related footnotes, unless described otherwise within the footnotes, we deem Ordinary Shares issuable pursuant to options or warrants that are currently exercisable or exercisable within 60 days as of March 16, 2021 to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person.

On June 25, 2020 and on March 3, 2021, our shareholders approved the grant of options to certain executive officers. See "Item 6.B.—Compensation—Compensation of Executive Officers and Directors—Compensation of Directors."

Equity Incentive Plans

Share Incentive Plan

On March 17, 2013, our board of directors approved our 2013 Plan for the granting of stock options, restricted share units, restricted share awards and performance-based awards, in order to provide incentives to our employees, directors, consultants and/or service providers. As of December 31, 2020, 1,604,419 Ordinary Shares were issuable upon the exercise of outstanding awards under the 2013 Plan, at a weighted-average exercise price of $5.69 per share. Of the foregoing outstanding awards, options to purchase 1,453,823 Ordinary Shares, in the aggregate, had vested under the 2013 Plan as of that date, with a weighted-average exercise price of $5.89 per share.

Awards granted under the 2013 Plan are subject to vesting schedules and generally vest over a four-year period commencing from the applicable grant date, such that 25% of the awards vest on the first anniversary of the applicable grant date and 75% of the awards vest in 12 equal installments upon the lapse of each three-month period following the first anniversary of the applicable grant date. Subject to the discretion of the 2013 Plan administrator, if an award has not been exercised within six years after the date of the grant, the award expires. Any period in which a grantee is not our employee or has taken a leave of absence will not be included in such vesting period.

The 2013 Plan provides for granting awards in compliance with Section 102 of the Israeli Income Tax Ordinance, 5721-1961, or the Ordinance, which provides to employees, directors and officers, who are not controlling shareholders (as defined in the Ordinance) and are Israeli residents, favorable tax treatment for compensation in the form of shares or equity awards issued or granted, as applicable, to a trustee under the capital gains track, or Capital Gains Track, for the benefit of the relevant employee, director or officer and are, or were, to be held by the trustee for at least two years after the date of grant or issuance. Under the Capital Gains Track, any accounting expense with respect to the grant or issuance of such shares or awards which relates to gain taxed as capital gains is not allowed as a deduction for tax purposes.

The 2013 Plan addresses the treatment of vested and unvested awards upon the cessation of employment or engagement of the award holder as well as upon consummation of a merger, consolidation or similar transaction, or sale of all or substantially all of our assets or sale of at least 80% of our outstanding securities. The 2013 Plan also provides for certain lock-up arrangements upon consummation of a public offering.

The 2013 Plan is administered by our board of directors or by a committee appointed by our board of directors. Upon the completion of our initial public offering, the remaining pool of reserved Ordinary Shares under the 2013 Plan was cancelled, and the only reserved Ordinary Shares available for grants to our employees, directors, consultants and service providers in the future are those under the 2018 Plan.

2018 Equity Incentive Plan

On July 2, 2018, in connection with the consummation of our initial public offering, our board of directors approved our 2018 Plan, with the purpose of advancing the interests of our shareholders by enhancing our ability to attract, retain and motivate individuals to perform at the highest level. The 2018 Plan governs issuances of equity incentive awards from and after the closing of our initial public offering. The maximum number of Ordinary Shares initially available for issuance under equity incentive awards granted pursuant to the 2018 Plan could not exceed 12% of the total outstanding Ordinary Shares as of the time of adoption. On January 1, 2019 and on January 1 of each calendar year thereafter, an additional number of shares equal to 5% of the total outstanding Ordinary Shares on such date (or any lower number of shares as determined by our board of directors) have and will become available for issuance under the 2018 Plan. As of December 31, 2020, a total of 1,304,043Ordinary Shares representing 6.19% of the total outstanding shares as of that date remained available for issuance under the 2018 Plan. In January 2021, pursuant to the annual evergreen provision and following the approval of our board of directors, an additional 1,052,896 Ordinary Shares, equal to 5% of the total outstanding shares as of January 1, 2021, became available for issuance under the 2018 Plan.

Equity incentive awards may be granted to our employees, non-employee directors, consultants or other advisors, as well as holders of equity compensation awards granted by a company that may be acquired by us in the future. Awards under the 2018 Plan may be granted in the form of options, share appreciation rights, restricted shares, restricted share units, performance awards or other share-based awards. Options and share appreciation rights will have an exercise price determined by the administrator but that is no less than fair market value of the underlying Ordinary Shares on the date of grant.

As of December 31, 2020, 1,002,229 Ordinary Shares were issuable upon the exercise of outstanding awards under the 2018 Plan, at a weighted-average exercise price of $2.73 per share. Of the foregoing outstanding awards, as of December 31, 2020, options to purchase 367,196 Ordinary Shares, in the aggregate, had vested under the 2018 Plan as of that date, with a weighted-average exercise price of $3.28 per share.

The vesting conditions for grants under the 2018 Plan will be determined by the administrator and, in the case of restricted shares and restricted share units, will be set forth in the applicable award documentation.

In the event of a participant’s termination of employment, the administrator may, in its discretion, determine the extent to which an equity incentive award may be exercised, settled, vested, paid or forfeited. In the event of a change in control (as defined in the 2018 Plan) of the Company, the compensation committee may, in its discretion, take a number of actions with respect to awards outstanding under the 2018 Plan, including the following: (i) continuing awards or converting such awards into an award or right with respect to shares of the successor or surviving corporation; (ii) immediately vesting and settling awards (or in the case of options and share appreciation rights, providing that such awards will become fully exercisable); (iii) cancelling

unvested awards for no consideration; (iv) terminating or cancelling awards in exchange for a cash payment; and (v) providing that awards may be assumed, exchanged, replaced or continued by the successor or surviving corporation with cash, securities, rights or other property. In the event of a structural change of the Company (i.e., a transaction in which the Company's shares immediately prior to the transaction are converted into or exchanged for shares that represent at least a majority of the share capital of the surviving corporation, such as a re-domestication of the Company or a share flip), outstanding awards will be exchanged or converted into awards to acquire shares of the company (if it is the surviving corporation) or the successor company in accordance with the applicable exchange ratio.

The 2018 Plan is administered by the board of directors, provided that the board of directors may delegate its authority to the compensation committee to administer the 2018 Plan.

The 2018 Plan provides for granting awards in compliance with Section 102 of the Ordinance, which provides to employees, directors and officers of the Company, who are not controlling shareholders (as defined in the Ordinance) of the Company and are Israeli residents, potential favorable tax treatment for compensation in the form of shares or equity awards issued or granted, as applicable, to a trustee under the Capital Gains Track for the benefit of the relevant employee, director or officer, subject to compliance with the terms and conditions of such tax track. Under the Capital Gains Track, any accounting expense with respect to the grant or issuance of such shares or awards which relates to gain taxed as capital gains is not allowed as a deduction for tax purposes.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A. Major Shareholders

The following table sets forth information with respect to the beneficial ownership of our Ordinary Shares (i) each person or entity known by us to own beneficially 5% or more of our outstanding Ordinary Shares (as of the date of such shareholder's Schedule 13G filing for Entera Bio Ltd. with the SEC); (ii) each of our directors and executive officers individually; and (iii) all of our executive officers and directors as a group.

According to our transfer agent, as of March 16, 2021, there were 83 record holders of our Ordinary Shares, among whom are U.S. holders who beneficially own more than 50% of our Ordinary Shares. None of our shareholders has different voting rights from other shareholders.

The beneficial ownership of our Ordinary Shares is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership, generally, includes any shares over which a person exercises sole or shared voting or investment power, or the right to receive the economic benefit of ownership. For purposes of the table and the related footnotes, unless described otherwise within the footnotes, we deem Ordinary Shares issuable pursuant to options or warrants that are currently exercisable or exercisable within 60 days as of March 16, 2021 to be outstanding and to be beneficially owned by the person holding the options or warrants for the purposes of computing the percentage ownership of that person, but we do not treat them as outstanding for the purpose of computing the percentage ownership of any other person, except with respect to the percentage ownership of all executive officers and directors as a group. The percentage of Ordinary Shares beneficially owned is based on 23,738,642 Ordinary Shares outstanding as of March 16, 2021. The beneficial ownership data provided below is based solely on information available to our Company and, in the case of major shareholders, has not been verified further. Except where otherwise indicated, we believe, based on information furnished to us by such owners, that the beneficial owners of the Ordinary Shares listed below have sole investment and voting power with respect to such shares.

Unless otherwise noted below, each shareholder's address is c/o Entera Bio Ltd., Kiryat Hadassah, Minrav Building - Fifth Floor, Jerusalem, Israel.

Name	Number and Percentage of Ordinary Shares	
	Number	Percent
5% or Greater Shareholders (other than directors and executive officers)		
D.N.A Biomedical Solutions Ltd.(1)	3,762,959	15.74%
Gakasa Holdings LLC(2)	2,374,275	9.74%
Capital Point Ltd.(3)	1,147,385	4/82%
Centillion Fund, Inc.(4)	1,131,130	4.77%
Menachem Ehud Raphael(5)	1,390,997	5.79%
Executive Officers and Directors:		
Zeev Bronfeld(6)	28,032	*
Yonatan Malca(7)	3,790,992	15.84%
Dr. Phillip Schwartz(8)	869,879	3.62%
Gerald Lieberman(9)	304,840	1.27%
Dr. Roger J. Garceau(10)	361,270	1.50%
Dr. Hillel Galitzer(11)	195,948	*
Jonathan Lieber(12)	21,523	*
Dr. Arthur Santora(13)	30,317	*
Faith L. Charles(14)	28,032	*
Miranda J. Toledano(15)	28,032	*
Gerald M. Ostrov(16)	25,229	*
Sean Ellis(17)	19,622	*
Spiros Jamas	-	-
Dana Yaacov-Garbeli(18)	8,750	*
All Directors and Executive Officers as a Group (14 persons)(19)	1,949,506	8.81%

* Less than 1%

(1) D.N.A's holdings consisted of: (i) 3,594,183 Ordinary Shares as reported, (ii)Investor Warrants to purchase 168,776 Ordinary Shares exercisable within 60 days as of March 16, 2021, D.N.A's address is at Shimon Hatarsi 43 St., Tel Aviv, Israel.

(2) Based on the Schedule 13G/A filed by Gakasa Holdings LLC. with the SEC on February 16, 2021 regarding its holdings as of December 31, 2020. Gakasa Holdings LLC. also holds warrants to purchase 632,912 Ordinary Shares, exercisable within 60 days as of March 16, 2021. Gakasa Holdings LLC's address is 201 S. Biscayne Blvd., Suite 800, Miami, Florida.

(3) Based solely on the Schedule 13G/A filed by Capital Point Ltd. with the SEC on February 16, 2021 regarding its holdings as of December 31, 2020. Capital Point Ltd. reported that its holdings comprised of (i) 1,077,621 Ordinary Shares, and (ii) warrants to purchase 69,764 Ordinary Shares exercisable within 60 days as of March 16, 2021. Capital Point Ltd.'s address is at 1 Azrieli Towers Tel Aviv, 67021 Israel.

(4) Based on solely the Schedule 13G/A filed by Centillion Fund, Inc. with the SEC on February 10, 2021 regarding its holdings as of December 31, 2020. Centillion Fund Inc. reported that its holdings comprised of 1,131,130 Ordinary Shares. Centillion Fund, Inc.'s address is at 10 Manoel Street, Castries, Saint Lucia.

(5) Based solely on the Schedule 13G filed by Menachem Ehud Raphael with the SEC on February 16, 2021 regarding its holdings as of December 31, 2020.. Menachem Raphael's address is at 12 Ha'seora, Tel Aviv, Israel.

(6) Consists of 28,032 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021. Mr. Bronfeld notified to the Company that he is no longer a beneficial owner of D.N.A Biomedical Solutions Ltd.

(7) Mr. Yonatan Malca is the CEO and a director of D.N.A Biomedical. In addition, his holdings consists of 28,032 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(8) Consists of (i) 579,410 Ordinary Shares and (ii) 290,469 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(9) Consists of (i) 97,872 Ordinary Shares, (ii) 175,322 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021, and (iii) warrants to purchase 31,646 Ordinary Shares.

(10) Consists of (i) 4,940 Ordinary Shares (ii) 356,330 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021

(11) Consists of (i) 36,010 Ordinary Shares and (ii) 159,938 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(12) Consists of 21,523 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(13) Consists of 30,317 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(14) Consists of 28,032 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(15) Consists of 28,032 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(16) Consists of 25,229 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(17) Consists of 19,622 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(18) Consists of 8,750 Ordinary Shares underlying options to acquire Ordinary Shares, exercisable within 60 days of March 16, 2021.

(19) Consists of (i) 718,232 Ordinary Shares, (ii) options to acquire 1,199,628 Ordinary Shares, exercisable within 60 days of March 16, 2021, and (iii) warrants to purchase 31,646 Ordinary Shares.

Changes in Ownership of Major Shareholderss

During the last three years, there were significant changes in percentage ownership by major shareholders (i.e., holders of 5% or more of our Ordinary Shares), including as detailed below:

- D.N.A Biomedical, a major shareholder, beneficially owned 34.8% of the Company at the time of our IPO, but owned 17.07% as of December 31, 2020.
- Gakasa Holdings LLC, a major shareholder, beneficially owned 13.04%of the Company as of December 31, 2020.
- Centillion Fund, Inc., a major shareholder, beneficially owned 17.3% of the Company at the time of our IPO, but owned 5.37% as of December 31, 2020.
- Phillip Schwartz, a former significant shareholder, ceased to beneficially own more than 5% of the Company in 2019, having dropped to 2.75% as of December 31, 2020.

Form F-3 Registration Statements

Pursuant to the provisions of the subscription agreements entered into by the Company as part of the Private Placement (as defined above), on June 5, 2020 we filed a registration statement on a Form F-3 with the SEC for the resale of the Ordinary Shares of such applicable selling shareholders that were issued in the Private Placement (including those issued upon exercise of the Investor Warrants), and such selling shareholders may, from time to time, offer and sell in one or more offerings or privately-negotiated transactions.

On July 13, 2020, we filed with the SEC an additional "shelf" registration statement on a Form F-3 for the registration of our Ordinary Shares that we may, from time to time, offer and sell in one or more offerings with an aggregate offering price of up to $100 million. In addition, certain Ordinary Shares under such Form F-3 are offered, issued and sold pursuant to that certain equity distribution agreement with Canaccord Genuity LLC and pursuant to the ATM Program (as defined below in Item 10.C “Material Contracts”).

7.B. Related Party Transactions

For information regarding compensation of our directors and officers, see “Item 6.B.–Compensation.”

Private Placement

Between December 2019 and February 2020, we entered into a private placement offering (the “Private Placement”), with a group of accredited investors, or the Investors, including D.N.A Biomedical, our largest shareholder, Mr. Gerald Lieberman, the chairman of the board, Menachem Ehud Raphael and Gakasa Holdings LLC, both significant shareholders of the Company, for an aggregate gross proceeds of $14.3 million from the sale of an aggregate amount of 6,047,706 Ordinary Shares, at a price of $2.37 per share. In addition, we granted the Investors and certain finders an aggregate of 3,300,646 three-year Investor Warrants and Broker Warrants, respectively to purchase up to an additional 3,300,646 Ordinary Shares at an exercise price in the range of $2.37 and $2.96 per share. In 2020, the exercise price of such Investor Warrants and Broker warrants was adjusted to $1.05 in light of the issuance of Ordinary Shares under the ATM Program (as defined below in Item 10.C “Material Contracts”) and pursuant to underlying terms of the Investor Warrant and Broker Warrant agreements. Such anti-dilution adjustment mechanisms in the Investor Warrants and Broker Warrants have since expired pursuant to the terms of the original Investor Warrant and Broker Warrant agreements.

On the first closing, dated December 11, 2019, we received gross proceeds of $11.8 million from the sale of 4,982,301 Ordinary Shares. In addition, as part of the first closing of the Private Placement, we granted the Investors and certain finders an aggregate 2,693,573 warrants to purchase up to an additional 2,693,573 Ordinary Shares. As part of the first closing, Mr. Gerald Lieberman has invested an amount of $150,000 and was issued 63,292 Ordinary Shares and 31,646 Investor Warrants to purchase up to an additional 31,646 Ordinary Shares.

On the second closing, dated December 18, 2019, we received gross proceeds of $1.7 million from the sale of 727,852 Ordinary Shares. In addition, as part of the closing of the second closing, we granted the Investors and certain finders an aggregate 438,296 Investor Warrants to purchase up to an additional 438,296 Ordinary Shares.

On the final closing of the Private Placement, which occurred on February 18, 2020, we received gross proceeds of $0.8 million from D.N.A Biomedical, our principal shareholder, from the sale of 337,553 Ordinary Shares. In addition, as part of final closing, we granted D.N.A Biomedical an aggregate of 168,776 Investor Warrants to purchase up to an additional 168,776 Ordinary Shares.

For further information with respect to the Private Placement, see “Item 10. Additional Information—C. Material Contracts—Private Placement.” For further information with respect to the Investor Warrants, see “Item 10. Additional Information—A. Share Capital—Investor Warrants.”

Agreements and Arrangements with, and Compensation of, Directors and Executive Officers

Service and Employment Agreements

Mr. Adam Gridley

Our former CEO and director, Mr. Gridley was appointed as our Chief Executive Officer on August 5, 2019 and resigned in August 2020 with effect as of September 2020. In April 2020, Mr. Gridley was granted options to purchase 31,502 Ordinary Shares (with an exercise price of $1.98 per share) under our 2018 Plan. This grant was ratified by our shareholders on June 25, 2020. Due to the termination of Mr. Gridley’s contract, none of these options were vested and all of them expired. In addition, in April 2020, Mr. Gridley was granted a one-time cash bonus in the amount of $ 110,000 in consideration for his services to the Company as CEO in 2019. The cash bonus was ratified by our shareholders on June 25, 2020.

Dr. Spiros Jamas

We entered into an Employment Agreement, effective as of January 2021, with Dr. Spiros Jamas, in connection with his appointment as our Chief Executive Officer and a member of our board of directors. Pursuant to the agreement, Dr. Spiros Jamas is entitled to an annual base salary of $380,000 and an annual bonus of up to 60% of his base salary (up to $228,000), subject to achieving key performance indicators as determined by the compensation committee and the board of directors, as well as subject to managerial appraisal (up to 20% of the total bonus for such year, or, such other part of the total annual bonus as provided in the Compensation Policy, as amended from time to time), and Dr. Jamas’ continued employment through the payment date. Additionally, Dr. Jamas is eligible to participate in the Company’s standard full-time employment benefits that are offered by the Company from time to time, which currently include medical, short term disability and 401(k) benefits. Mr. Jamas is also generally entitled to reimbursement for travel and other business expenses and other benefits, including, vacation, holidays and sick leave. Subject to applicable law, Dr. Jamas is also covered by our D&O insurance policy.

We have also granted Dr. Jamas options to purchase 1,314,218 Ordinary Shares under the 2018 Plan, effective as of January 2021, at an exercise price of $1.24, with 25% of the options vesting on the first anniversary of his employment commencement date, and the remaining 75% of the options vesting in equal quarterly increments over the following three (3) years, so long as he remains employed on a full time basis on each applicable vesting date (irrespectively if he continues to serve as our director). In the event of a Change in Control (as defined in the 2018 Plan) any outstanding unvested options shall vest and become fully exercisable (as long as Dr. Jamas continues to provide services to the Company at that time).

Dr. Jamas' employment can be terminated by either the Company or Dr. Jamas for any reason (or for no reason), at any time, provided that if the termination is without Cause, thirty (30) days’ prior written notice will be required by either party. The Company may elect to pay the applicable portion of Dr. Jamas’ annual base salary during the notice period in lieu of providing notice. In the event Dr. Jamas’ employment is terminated by the Company without Cause, or if Dr. Jamas resigns for Good Reason, he will be entitled to receive (i) a lump sum severance payment equal to one times his then-effective annual base salary and (ii) an extension of the exercise period with respect to the vested options to purchase ordinary shares as of the date of termination for up to two (2) years post-termination (provided that in no event shall such extension extend beyond 10 years from

the applicable grant date). For the definitions of “Cause” and “Resignation for Good Reason,” please see the Proposal under the Company’s Proxy Statement on Form 6-K (File No. 001-38556) filed with the SEC on January 11, 2021.

Dr. Phillip Schwartz

In March 2020, the board of directors determined to amend the terms of compensation of Dr. Schwartz, our President of Research and Development. Under the amended terms, Dr. Schwartz is entitled to an annual base salary of $293,000, effective January 1, 2020. In addition, Dr. Schwartz is entitled to a one-time bonus in the amount of $30,000. The amended compensation terms of Dr. Schwartz were ratified and approved in the Company's 2020 annual general meeting of shareholders on June 25, 2020.

Dr. Roger J. Garceau

In April 2017, and effective as of December 2016, the Company entered into a Service Agreement with our director, Dr. Roger J. Garceau, pursuant to which Dr. Garceau will be entitled to a monthly fee in the amount of $6,500 per month, and to reimbursements for certain expenses. On January 17, 2019, our board of directors approved an amendment to Dr. Garceau's Service Agreement, which provided that the scope of services would be reduced to 20 hours per month and the monthly payment provided to Dr. Garceau was reduced to $4,000, effective as of November 1, 2018. Dr. Garceau was appointed as the Company's interim CEO on August 9, 2020 and served as such up until January 4, 2021. In such period of time all services rendered to the Company in Dr. Garceau's previous capacity were suspended and as interim CEO he was granted an updated set of compensation terms (effectively suspending the previous compensation he was entitled to). Under his CEO Services Agreement he was entitled to a monthly salary of $33,000. In addition, he may also be entitled to receive a special one-time bonus in the amount of up to US$ 84,000, subject to the approval of the Company and such other approvals required pursuant to the Companies Law. As of January 4, 2021, Dr. Garceau effectively resumed his previous position as Chief Development Advisor and his compensation was reverted to his previous compensation terms and benefits (as in effect immediately prior to August 9, 2020).

Dr. Arthur Santora

In March 2020, the board of directors approved to grant Dr. Santora 40,000 options to purchase 40,000 Ordinary Shares of the Company, under the Company's 2018 Plan, with an exercise price of $2.14. The options vest over 4 years from the date of grant. 25% will vest on the first anniversary of the date of grant and the remaining 75% options shall vest in twelve equal quarterly installments following the first anniversary of the grant date. The options grant was ratified and approved by our shareholders on June 25, 2020.

Dr. Hillel Galitzer

In March 2020, the board of directors determined to amend the terms of compensation of Dr. Galitzer, our Chief Operating Officer. Under the amended terms, Dr. Galitzer is entitled to an annual base salary of $203,987, effective as of January 1, 2020. In addition, Dr. Galitzer is entitled to a one-time bonus in the amount of $50,000. We also granted Dr. Galitzer 175,000 options to purchase 175,000 Ordinary Shares of the Company, under the Company's 2018 Plan, with an exercise price of $2.14. The options vest over 4 years from the date of grant. 25% will vest on the first anniversary of the date of grant and the remaining 75% options shall vest in twelve equal quarterly installments following the first anniversary of the grant date.

Ms. Dana Yaacov-Garbeli

In March 2020, the board of directors determined to amend the terms of the consulting agreement with Ms. Yaacov- Garbeli, our Israeli-based CFO. Under the amended terms, Ms. Yaacov-Garbeli is entitled to a monthly fee of $14,000, effective January 1, 2020. We also granted Ms. Yaacov-Garbeli 35,000 options to purchase 35,000 Ordinary Shares of the Company, under the Company's 2018 Plan, with an exercise price of $2.14. The options vest over 4 years from the date of grant. 25% will vest on the first anniversary of the date of grant and the remaining 75% options shall vest in twelve equal quarterly installments following the first anniversary of the grant date. The options grant was ratified and approved by our shareholders on June 25, 2020.

Pre-IPO Registration Rights

We, certain of our shareholders and certain lenders with which we entered into loan agreements in 2012, have entered into an Amended and Restated Investors' Rights Agreement dated as of October 4, 2017, or the Investors' Rights Agreement, pursuant to which these shareholders and lenders have the right, following the closing of our initial public offering, to demand that we file a registration statement or to request that their shares be covered by a registration statement that we are otherwise filing under the Securities Act. Registration of these shares would result in these shares becoming freely tradable without restriction under the Securities Act immediately upon the registered sale of such securities.

Demand Registration Rights

Pursuant to the investors' rights agreement, at any time beginning 180 days after the closing of our initial public offering and for so long as we are eligible to file a registration statement on Form F-3, any shareholder or group of shareholders holding an aggregate of at least 10% of the registrable securities under the investors' rights agreement that are not held by D.N.A Biomedical, may request in writing that we effect the registration under the Securities Act of the sale or other transfer of such shareholder or shareholders' Ordinary Shares, provided that we are not required to effect more than three such registrations.

Form F-3 Registration Statement

Any shareholder or group of shareholders holding an aggregate of at least 10% of the registrable securities under the investors' rights agreement that are not held by D.N.A Biomedical may request in writing that we effect a registration of the sale or other transfer of such shares, provided that the aggregate anticipated proceeds from the sale of such shares equals at least $1.0 million and that we are not required to effect more than three such registrations.

We will not be obligated to file a registration statement on Form F-3 in certain cases including if in the good faith judgment of our board of directors (as reflected in a certificate delivered by our chief executive officer), such registration would be seriously detrimental to our company or its shareholders, provided that we do not use this exemption more than once in any 12-month period. We also have the right not to effect a Form F-3 registration statement during the period from 60 days prior to the filing of, to six months following the effective date of, a previous registration statements.

Piggyback Registration Rights

The investors' rights agreement also provides our shareholders with "piggy back" registration rights in the event that we determine to register the sale of any of our securities following our initial public offering. With respect to such registration rights, we have committed to use our reasonable best efforts to include in a registration statement a prospectus relating to the resale of certain securities held by certain of our shareholders, or to file concurrently with a registration statement with respect to the resale under the Securities Act of such securities held by such shareholders, so as to permit their disposition (such securities held by such shareholders and the rights attached to such securities are freely transferable by such shareholders).

Director Designation Rights

Pursuant to the terms of the Investors' Rights Agreement among us, Centillion and other parties thereto, following the consummation of our initial public offering, for as long as Centillion and its affiliates hold an aggregate of at least 10% of our issued and outstanding Ordinary Shares, we will nominate, if so requested by Centillion and as permitted by applicable law, a designee of Centillion for election by our shareholders as a member of our board of directors and will recommend that our shareholders vote in favor of such election. As of December 31, 2020, Centillion hold approximately 5.37% of our issued and outstanding Ordinary Shares.

Indemnification Agreements and Directors' and Officers' Liability Insurance

We have entered into indemnification agreements with each of our executive officers and directors. We also maintain an insurance policy that covers liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers.

Employment-Based Restrictive Covenants

Under the employment agreements entered into with our executive officers, each officer is subject to restrictions with respect to confidentiality, non-competition/non-solicitation and ownership of intellectual property. The non-competition provision applies for a period that is generally 12 months following termination of employment. The enforceability of covenants not to compete in Israel and the United States is subject to limitations. In addition, we are required to provide notice prior to terminating the

employment of our executive officers, other than in the case of a termination under circumstances which deprive the executive officer of severance pay under Israeli law, a breach of trust, or the executive officer's breach of the terms of confidentiality, non-competition/non-solicitation and ownership of intellectual property provisions of the relevant employment agreement.

7.C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A. Consolidated Statements and Other Financial Information

See “Item 18.–Financial Statements.”

Legal proceedings

From time to time, we may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not currently involved in any legal proceedings. However, we may become involved in material legal proceedings in the future. Emisphere has notified us that it believes that it is the exclusive owner of certain U.S. and related foreign patents and patent applications we acquired from Oramed; however, Emisphere has not initiated a legal proceeding against us regarding its claim. For more information on the risks related to Emisphere’s claim, see “Item 3.D.—Risk Factors—Risks Related to Our Intellectual Property—We may become involved in proceedings to protect or enforce our proprietary rights, which could be expensive and time consuming, and may ultimately be unsuccessful.”

Dividends

We have never declared or paid cash dividends to our shareholders and we do not intend to pay cash dividends in the foreseeable future. We intend to reinvest any earnings in developing and expanding our business. Any future determination relating to our dividend policy will be at the discretion of our board of directors and will depend on a number of factors, including future earnings, our financial condition, operating results, contractual restrictions, capital requirements, business prospects, our strategic goals and plans to expand our business, applicable law and other factors that our board of directors may deem relevant.

The Companies Law imposes further restrictions on our ability to declare and pay dividends. According to the Companies Law, a company may generally distribute dividends out of its profits if there is no reasonable concern that the distribution may prevent the company from meeting its existing and expected obligations when they become due. The Companies Law defines profit as retained earnings or profits accrued in the last two years, whichever is greater, according to the last reviewed or audited financial statements of the company, provided that the end of the period to which the financial statements relate is not more than six months before the distribution. Declaration of dividends requires a resolution of our Board and does not require shareholder approval.

Payment of dividends may be subject to Israeli withholding taxes. See “Item 10.E.—Taxation” for additional information.

8.B. Significant changes

Except as disclosed elsewhere in this Annual Report, there have been no other significant changes since December 31, 2020.

ITEM 9. THE OFFER AND LISTING

9.A.4 Offer and Listing Details

Our Ordinary Shares and IPO Warrants have been listed on Nasdaq since June 28, 2018. Prior to this, no public market existed for our Ordinary Shares or IPO Warrants.

9.B. Plan of Distribution

Not applicable.

9.C. Market for Ordinary Shares and Warrants

Our Ordinary Shares and IPO Warrants have been listed on Nasdaq since June 28, 2018, under the symbol “ENTX” and “ENTXW,” respectively.

9.D. Selling Shareholders

Not applicable.

9.E. Dilution

Not applicable.

9.F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A. Share Capital

Ordinary Shares and IPO Warrants

For a description of our listed Ordinary Shares and IPO Warrants, refer to Exhibit 4.29, “Description of Securities,” incorporated by reference into this Form 20-F.

Other Warrants

The following section is a summary of our warrants issued prior to our initial public offering and pursuant to our Private Placement in 2019. Following the initial public offering, such pre-IPO warrants provide the applicable holder, subject to the terms and conditions of the applicable warrant, rights to acquire Ordinary Shares.

Series B Warrants

As of December 31, 2020, we had 68,380 outstanding warrants, or Series B Warrants, to purchase 68,380 Ordinary Shares, at an exercise price of $6.99 per Ordinary Share.

The following is a summary of certain material terms and provisions of the Series B Warrants, which following the completion of our initial public offering became warrants to purchase Ordinary Shares.

Exercisability. The Series B Warrants are exercisable on or before the earlier of: (i) expiration of five years from the date of the Series B Warrants, specifically, 59,800 Series B Warrants are exercisable until October 25, 2022, and 8,580 Series B Warrants are exercisable until December 18, 2022 or (ii) the occurrence of a liquidation, bankruptcy, reorganization, dissolution or winding up of the Company, whether voluntary or involuntary.

Applicable Securities. Ordinary Shares.

Exercise Price. $6.99 per share.

Transferability. The Series B Warrants cannot be transferred to a third party, other than an affiliate of the holder of such Series B Warrants (as defined and subject to the terms and conditions of the Series B Warrants) without (i) a registration under the Securities Act or (ii) an exemption from such registration and, if requested by the Company, a written opinion of legal counsel of the holder of the Series B Warrants, addressed to the Company stating that the proposed transfer of the Series B Warrants may be effected without registration under the Securities Act, which opinion will be in form reasonably satisfactory to the Company.

Rights as a Shareholder. Except as otherwise provided in the Series B Warrants or by virtue of such holder's ownership of our Ordinary Shares, the holder of a Series B Warrants does not have the rights or privileges of a holder of Ordinary Shares, including any voting rights, until the holder exercises the Series B Warrants.

Underwriter Warrants

As of December 31, 2020, we had 70,000 outstanding warrants, or Underwriter Warrants, granted to our initial public offering underwriters, to purchase 70,000 Ordinary Shares, at an exercise price of $8.80 per Ordinary Share.

The following is a summary of certain material terms and provisions of the Underwriter Warrants. The summary is not complete and is subject to, and qualified in its entirety by the provisions of, the form of the Underwriter Warrant, which is filed as an exhibit to this Annual Report.

Exercisability. The underwriter warrants will be exercisable on or before the expiration of five years from the date of the Underwriter Warrants, specifically, July 2, 2023. The Underwriter Warrants may be exercised on a cashless basis unless a registration statement covering the exercise of the underwriter warrants and sale of the underlying shares by the holder thereof is in effect and available.

The Underwriter Warrants are not redeemable by us. The underwriter warrants also provide for unlimited "piggyback" registration rights at our expense with respect to the underlying ordinary shares during the seven-year period commencing on July 2, 2018, and for one demand registration right at our expense and an additional demand registration right at the Underwriter Warrant holder's expense during the five-year period commencing on July 2, 2018.

Exercise Price. $8.8 per share. The exercise price of the Underwriter Warrants (and the ordinary shares underlying such warrants) is subject to adjustment provided under the Underwriter Warrants, for dilutive events such as a stock dividend or stock split and for recapitalizations, mergers and other fundamental transactions.

Transferability. The Underwriter Warrants cannot be transferred to a third party, other than an affiliate of the holder of such Underwriter Warrants (as defined and subject to the terms and conditions of the Underwriter Warrants) without (i) a registration under the Securities Act or (ii) an exemption from such registration and, if requested by the Company, a written opinion of legal counsel of the holder of the Underwriter Warrants addressed to the Company stating that the proposed transfer of the Underwriter Warrants may be effected without registration under the Securities Act, which opinion will be in form reasonably satisfactory to the Company.

Rights as a Shareholder. Except as otherwise provided in the Underwriters Warrants or by virtue of such holder's ownership of our Ordinary Shares, the holder of an Underwriters Warrant does not have the rights or privileges of a holder of our Ordinary Shares, including any voting rights, until the holder exercises the Underwriters Warrant.

Investor Warrants

As of December 31, 2020, we had 3,023,872 warrants, or Series Investor Warrants, outstanding to purchase 3,023,872 of our Ordinary Shares, at an exercise price of $1.05.

The following summary is of certain material terms and provisions of our Series Investor Warrants to purchase Ordinary Shares. The summary is not complete and is subject to, and qualified in its entirety by the provisions of, the form of Series Investor Warrants, which is filed as an exhibit to this Annual Report.

Exercisability. The Series Investor Warrants are exercisable immediately from issuance, and at any time up to the date that is three years after our Private Placement, specifically, December 11, 2022 and December 18, 2022. The Series Investor Warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice accompanied by payment in full for the applicable number of our Ordinary Shares.

Applicable Shares. The class of shares that can be acquired upon exercise of the warrants will be our Ordinary Shares, and upon any conversion, exchange, reclassification or change, any security into which our Ordinary Shares may be converted, exchanged, reclassified or otherwise changed.

Exercise Price. $1.05 per share.

Transferability. Absent an effective registration statement filed with the SEC covering the disposition or sale of the Investor Warrants or the shares issued or issuable upon exercise of the Investor Warrants, and registration or qualification under applicable state securities laws, the holder cannot transfer any or all of the Investor Warrants or the applicable shares unless such transfer is exempt from the registration requirements of the Securities Act and any applicable state securities laws.

Rights as a Shareholder. Except as otherwise provided in the Series Investor Warrants or by virtue of such holder's ownership of our Ordinary Shares, the holder of a Series Investor Warrant does not have the rights or privileges of a holder of Ordinary Shares, including any voting rights, until the holder exercises the Series Investor Warrants.

Broker Warrants

As of December 31, 2020, we had 184,515 warrants, or Broker-A Warrants, outstanding to purchase 184,515 of our Ordinary Shares, at an exercise price of $1.05, and we had 92,258 warrants, or Broker-B Warrants, outstanding to purchase 92,258 of our Ordinary Shares, at an exercise price of $1.05 (the "Broker Warrants").

The following summary is of certain material terms and provisions of our Broker warrants to purchase Ordinary Shares. The summary is not complete and is subject to, and qualified in its entirety by the provisions of, the form of Broker-A Warrants and Broker B Warrants, each of which is filed as an exhibit to this Annual Report.

Exercisability. The Broker- Warrants are exercisable immediately from issuance, and at any time up to the date that is three years after our Private Placement, specifically, December 11, 2022. The Broker Warrants will each be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice accompanied by payment in full for the applicable number of our Ordinary Shares.

Applicable Shares. The class of shares that can be acquired upon exercise of the warrants will be our Ordinary Shares, and upon any conversion, exchange, reclassification or change, any security into which our Ordinary Shares may be converted, exchanged, reclassified or otherwise changed.

Exercise Price. $1.05 per share.

Transferability. Absent an effective registration statement filed with the SEC covering the disposition or sale of the Broker-Warrants or the shares issued or issuable upon exercise of either of the Broker Warrants, and registration or qualification under applicable state securities laws, the holder cannot transfer any or all of the Broker Warrants or the applicable shares unless such transfer is exempt from the registration requirements of the Securities Act and any applicable state securities laws.

Rights as a Shareholder. Except as otherwise provided in the Broker Warrants or by virtue of such holder's ownership of our Ordinary Shares, the holder of a Broker Warrant does not have the rights or privileges of a holder of Ordinary Shares, including any voting rights, until the holder exercises such Broker-A Warrant or Broker-B Warrant.

10.B. Memorandum and Articles of Association

We incorporate by reference into this Annual Report on Form 20-F the description of our Articles effective upon the closing of our initial public offering contained in our F-1 Registration Statement (File No. 333-221472) under "Description of Share Capital" originally filed with the SEC on June 27, 2018. Such description sets forth a summary of certain provisions of our Articles, and certain descriptions of applicable Israeli law, each as currently in effect, except that on October 3, 2019, our shareholders approved an amendment to our Articles to increase the maximum number of our directors to ten.

10.C. Material Contracts

Other than the Amgen Agreement, described above in "Item 5.A. Results of Operations—Patent Transfer, Licensing Agreements and Grant Funding—Amgen Research Collaboration and License Agreement" and except for the Private Placement described above, we are currently in the development stage and therefore we have not entered into any agreements, other than in the ordinary course of our business, that we deem material in the reporting period.

In July 2020, we entered into an equity distribution agreement with Canaccord Genuity LLC, as sales agent, to implement an ATM program under which we, from time to time, may offer and sell our Ordinary Shares, having an aggregate offering price of up to $13.9 million (the "ATM Program"). The sales agent was entitled to a fixed commission of 3% of the aggregate gross proceeds as well as and reimbursement of expenses. For the year ended December 31, 2020, we sold an aggregate of 2,802,731 Ordinary Shares under the ATM, the proceeds of which amounted to $3.5 million, net of issuance costs. From December 2021 to March 16, 2021, we sold an additional 2,546,265 Ordinary Shares under the ATM, the proceeds of which amounted to $9.8 million, net of issuance costs.

From December 2019 to February 2020, we entered into the Private Placement (as defined above) with the Investors (as defined above) for aggregate gross proceeds of $14.3 million from the sale of an aggregate 6,047,706 Ordinary Shares, at a price of $2.37 per share. In addition, we granted the Investors and certain finders an aggregate of 3,300,646 three-year warrants to purchase up to an additional 3,300,646 Ordinary Shares at an exercise price in the range of $2.37 and $2.96 per share. For further information, see "Item 7.B. Related Party Transactions—Private Placement."

Subscription Agreement

In the Subscription Agreement entered between the Company and the Investors in connection with the Private Placement, or the Subscription Agreement, the Company made customary representations and warranties and the investors made customary representations and warranties. Among the Investors' representations and warranties, each Investor, which is a U.S. Person for purposes of the Securities Act, represents that it is an accredited Investor as defined in Rule 501(a) of Regulation D, as amended, under the Securities Act.

The terms of the Subscription Agreement with the Investors in the Private Placement, are similar in all material respects to the terms of the Subscription Agreement of D.N.A Biomedical, expect for non-material changes related to the relevant exemption under the Securities Act utilized by us to issue shares and warrants to D.N.A Biomedical, given their status as an affiliate and non-U.S. person under the Securities Act. The securities issued to D.N.A Biomedical, were issued pursuant to Regulation S under the Securities Act. The securities under the Private Placement were not registered under the Securities Act or any state or other jurisdiction's securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act and applicable state or other jurisdictions' securities laws.

As a result of the closing of the Private Placement, the exercise price of the IPO Warrants listed on the Nasdaq has been adjusted pursuant to the terms of the IPO Warrants, and effective as of the final closing of the Private Placement, the exercise price of the IPO Warrants is equal to $5.85.

Investor Warrants

The following summary is of certain material terms and provisions of the warrants issued to the Investors in the Private Placement (the "Investor Warrants"). The Company also issued 276,773 warrants to certain finders in the Private Placement (the "Broker Warrants"). The terms of the Broker Warrants are substantially similar to those of the Investor Warrants. This summary is not complete and is subject to, and qualified in its entirety by the provisions of, the form of the warrant, which is filed as an exhibit to this Annual Report on Form 20-F.

Each Investor Warrant represents the right to purchase one Ordinary Share. As of December 31, 2020, 3,023,872 Investor Warrants are outstanding and represent the right to purchase an aggregate of up to 3,023,872 Ordinary Shares. The exercise price

of each 2019 Investor Warrant was adjusted in light of the Ordinary Shares offered and sold under the Company's ATM and is now $1.05 per Ordinary Share. The Investor Warrants may be exercised for a period of three years from issuance. The Investor Warrant may be exercised on a cashless basis.

Prior to the exercise of the Investor Warrants and for the duration of their term, the number of Ordinary Shares issuable upon their exercise and the exercise price are subject to customary adjustments, including in the events of reorganizations or reclassifications of the Company's capital stock, upon payment of dividends or distributions to the Company's shareholders.

If we fail to timely effectuate an exercise under the terms of the Investor Warrants, the Investor Warrants provides for certain liquidated damages and customary buy-in provisions.

For further information with respect to the Investor Warrants, see Item 10.A "Share Capital—Investor Warrants," and Item 10.A "Share Capital—Broker Warrants" with respect to the Broker Warrants.

Registration Rights

For information with respect to the registration rights provided in connection with the Private Placement, see "Item 7.B. Related Party Transactions—Private Placement Registration Rights."

10.D. Exchange Controls

There are currently no Israeli currency control restrictions on the import or export of capital or the remittances of dividends on our Ordinary Shares, proceeds from the sale of the shares or interest or other payments to non-residents of Israel, except for shareholders who are subjects of countries that are, or have been, in a state of war with Israel.

10.E. Taxation

The following description is not intended to constitute a complete analysis of all tax consequences relating to the acquisition, ownership and disposition of our Ordinary Shares and IPO Warrants. You are encouraged to consult your tax advisor concerning the tax consequences of your particular situation, as well as any tax consequences that may arise under the laws of any state, local, foreign or other taxing jurisdiction.

Israeli Tax Considerations

The following are material Israeli income tax consequences of the ownership and disposition of our Ordinary Shares and IPO Warrants. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to own or dispose of our Ordinary Shares or IPO Warrants. This discussion does not address all the aspects of Israeli tax laws that may be relevant to an investor in light of its particular circumstances or to certain types of investors subject to special treatment under applicable law. The following discussion also contains an overview of the current tax regime applicable to companies in Israel, with specific reference to its effect on us. This discussion is based upon the tax laws of Israel and regulations promulgated thereunder as of the date hereof, which are subject to change. Some parts of this discussion are based on new tax legislation which has not been subject to judicial or administrative interpretation. The discussion should not be construed as legal or professional tax advice and does not cover all possible tax considerations.

General Corporate Tax Structure

Israeli companies are generally subject to corporate tax on their taxable income currently at the rate of 23%. However, the effective tax rate payable by a company that derives income from a "preferred enterprise," "preferred technological enterprise" or "preferred special technological enterprise" (as discussed below) may be considerably lower. Israeli companies are generally subject to capital gains tax at the regular corporate tax rate.

Tax Benefits under the Law for the Encouragement of Industry (Taxes)

According to the Law for the Encouragement of Industry (Taxes), 5729-1969, or the Industry Encouragement Law, an "industrial company," is an Israeli resident company that was incorporated in Israel, of which 90% or more of its income in any tax year, (other than income from certain government loans), is derived from an "industrial enterprise," owned by it and located in Israel or in the "area," as such term is defined under Section 3a of the Ordinance. An "industrial enterprise" is generally defined as an enterprise whose major activity in any tax year is industrial production.

Under the Industry Encouragement Law, industrial companies are entitled to the following tax-related benefits:

- amortization over an eight-year period of the cost of purchased know-how and patents and rights to use a patent and know-how which are used for the development or advancement of the "industrial enterprise," commencing on the year in which such rights were first exercised;
- deductions over a three-year period of expenses incurred in connection with the issuance and listing of shares on a stock market;
- the right to elect, under specified conditions, to file a consolidated tax return together with related Israeli industrial companies; and
- accelerated depreciation rates on certain equipment and buildings.

Eligibility for benefits under the Industry Encouragement Law is not subject to receipt of prior approval from any governmental authority.

As we have not generated income yet, there is no assurance that we qualify as an "industrial company" or that the benefits described above will be available to us in the future.

Law for the Encouragement of Capital Investments, 5719-1959

Tax Benefits for Income from Preferred Enterprise

The Law for the Encouragement of Capital Investments, 5719-1959, generally referred to as the Investment Law, currently provides certain tax benefits, *inter alia*, for income generated by "Preferred Companies" from their "preferred enterprises." The definition of a Preferred Company includes, inter alia, a company incorporated in Israel that (i) is not wholly-owned by a governmental entity; (ii) owns a preferred enterprise, which is defined as an "industrial enterprise" (as defined under the Investment Law); (iii) is controlled and managed from Israel; and (iv) satisfies further conditions set forth in the Investment Law.

A Preferred Company is entitled to a reduced corporate tax rate of 16% with respect to income attributable to its "preferred enterprise," unless the "preferred enterprise" is located in a specified development zone, known as development zone A, in which case the rate is currently 7.5%.

Dividends paid out of income attributed to a "preferred enterprise" are generally subject to tax at the rate of 20% or such lower rate as may be provided in an applicable tax treaty. However, if such dividends are paid to an Israeli company, no tax is required to be withheld (although, if the funds are subsequently distributed to individuals or non-Israeli residents (individuals and corporations), the withholding tax would apply).

Moreover, an additional tax of 3% will be imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 651,600 for 2020, amount is linked to the annual change in the Israeli consumer price index).

As we have not yet generated income, there is no assurance that we qualify as a Preferred Company or that the benefits described above will be available to us in the future.

Tax Benefits for Income from Preferred Technology Enterprise

An amendment to the Investment Law, or the 2017 Amendment, was enacted as part of the Economic Efficiency Law that was published on December 29, 2016, and became effective as of January 1, 2017. The 2017 Amendment provides new tax benefits to Preferred Companies for two types of technology enterprises, as described below, and is in addition to the other existing tax beneficial programs under the Investment Law.

The 2017 Amendment provides that a technology company satisfying certain conditions will qualify as a "preferred technology enterprise," and may thereby enjoy a reduced corporate tax rate of 12% on income that qualifies as "preferred technology income," as defined in the Investment Law. The tax rate is further reduced to 7.5% for a "preferred technology enterprise" located in development zone A. In addition, a "preferred technology enterprise" may enjoy a reduced corporate tax rate of 12% on capital gain derived from the sale of certain "benefitted intangible assets," as defined in the Investment Law, to a related foreign company if the "benefitted intangible assets" were acquired from a foreign company on or after January 1, 2017 for at least NIS 200 million, and the sale receives prior approval from the IIA.

The 2017 Amendment further provides that a technology company satisfying certain conditions (including an annual turnover of NIS 10 billion or more of the group that the technology company is a part) will qualify as a "special preferred technology enterprise," and may thereby enjoy a reduced corporate tax rate of 6% on Preferred Technology Income regardless of the company's geographic location within Israel. In addition, "a special preferred technology enterprise" will enjoy a reduced corporate tax rate of 6% on capital gain derived from the sale of certain "benefitted intangible assets" to a related foreign company if the "benefitted intangible assets" were either developed by an Israeli company or acquired from a foreign company, in each case if the Benefited Intangible Assets were acquired on or after January 1, 2017, and the sale received prior approval from the IIA. A "special preferred technology enterprise" that acquires "benefitted intangible assets" from a foreign company for more than NIS 500 million will be eligible for these benefits for at least 10 years, subject to satisfying certain conditions and obtaining certain approvals as specified in the Investment Law.

The Income of a preferred Technological enterprise or a special preferred Technological enterprise needs to be segmented into three different types of income: Income attributed to production, Income from an intangible asset used for marketing purposes and technological income. Income attributable to production is determined by a Cost Plus 10% mechanism (This is the default rate, but may be subject to change pursuant to a transfer pricing study) on the direct production costs, and may be eligible for benefits as a preferred enterprise. Income from an intangible asset used for marketing, providing it is not immaterial (as defined in the investment law) is not eligible for benefits and is subject to full corporate income tax. The part of the Technological income that is considered Preferred Technological Income may be eligible for tax benefits as detailed above.

Dividends distributed by a "preferred technology enterprise" or a "special preferred technology enterprise," paid out of Preferred Technology Income, are subject to tax at the rate of 20%, and if distributed to a foreign company and other conditions are met the tax rate may be 4%.

As we have not yet generated taxable income, there is no assurance that we qualify as a "preferred technology enterprise" or "special preferred technology enterprise" or that the benefits described above will be available to us in the future.

If in the future we generate taxable income, to the extent that we qualify as a Preferred Company, the benefits provided under the Investment Law could potentially reduce our corporate tax liabilities. Therefore, the termination or substantial reduction of the benefits available under the Investment Law could materially increase our tax liabilities.

Capital Gains Tax

The Ordinance generally imposes a capital gains tax on the sale of any capital assets including shares or warrants of Israeli companies by Israeli and non-Israeli residents (unless, with respect to non-Israeli residents, a specific exemption is available or unless a tax treaty between Israel and such non-Israeli resident's country of residence provides otherwise, and subject to the receipt in advance of a valid certificate from the Israel Tax Authority). The Ordinance distinguishes between real capital gain and inflationary surplus. The inflationary surplus is a portion of the total capital gain that is attributable to the increase in the Israeli consumer price index or, in certain circumstances, a foreign currency exchange rate between the date of purchase and the date of sale. The real capital gain is the excess of the total capital gain over the inflationary surplus.

Israeli Resident Holders

Generally, the tax rate applicable to real capital gains derived from the sale of our Ordinary Shares or IPO Warrants for Israeli individuals is the ordinary tax rate/s applicable under Section 91 of the Ordinance, provided that such rate shall not exceed 25% (unless such holder claims a deduction for interest and linkage differentials expenses in connection with such securities, in which case the capital gain will generally be taxed at a rate of 30%, until the promulgation of regulations setting forth the rules and conditions for the deduction of real interest and linkage differentials under Section 101A(a)9 and 101A(b) of the Ordinance.

Additionally, if such holder is considered a "Significant Shareholder," at the time of the sale or at any time during the 12-month period preceding such sale, the tax rate applicable to the real capital gains will be the ordinary tax rate/s applicable under Section 91 of the Ordinance, provided that such rate shall not exceed 30%. A Significant Shareholder is defined as a person who holds, directly or indirectly, alone or together with another, at least 10% of any of our means of control (including, among other things, the right to receive profits of the company, voting rights, the right to receive the company's liquidation proceeds and the right to appoint a director).

An additional tax of 3% will be imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 651,600 for 2020, the amount is linked to the annual change in the Israeli consumer price index).

Israeli companies are subject to the corporate tax rate on real capital gains derived from the sale of securities at the rate of 23%. Individual holders dealing in securities in Israel are taxed at their marginal tax rates applicable to business income: up to

47% for individuals, plus an additional tax of 3%, which is imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 651,600 for 2020, the amount is linked to the annual change in the Israeli consumer price index).

Non-Israeli Resident Holders

Non-Israeli residents (individuals and corporations) are generally exempt from Israeli capital gains tax on any gains derived from the sale, exchange or disposition of our Ordinary Shares and IPO Warrants, provided, among other things, that such holders did not acquire their Ordinary Shares or IPO Warrants prior to the company's initial public offering and the gains were not derived from a permanent establishment of such holders in Israel.

However, non-Israeli entity holders will not be entitled to such exemption if Israeli residents hold an interest of more than 25% in such non-Israeli entities or are the beneficiaries of or are entitled to 25% or more of the revenues or profits of such non-Israeli entity, whether directly or indirectly. This exemption is not applicable to a person whose gains from selling or otherwise disposing of the securities are deemed to be business income.

In addition, a sale of securities may be exempt from Israeli capital gains tax under the provisions of an applicable tax treaty. For example, pursuant to the Convention between the Government of the United States of America and the Government of Israel with respect to Taxes on Income, or the U.S.-Israel Tax Treaty, capital gains arising from the sale, exchange or disposition of Ordinary Shares by a person who qualifies as a resident of the United States within the meaning of the U.S.-Israel Tax Treaty and who holds the shares as a capital asset and is entitled to claim the benefits afforded to such person by the U.S.-Israel Tax Treaty generally will not be subject to the Israeli capital gains tax unless (i) such person holds, directly or indirectly, shares representing 10% or more of our voting power during any part of the 12-month period preceding such sale, exchange or disposition, subject to particular conditions, (ii) the capital gains from such sale, exchange or disposition can be allocated to a permanent establishment of the holder in Israel or (iii) such person is an individual and was present in Israel for a period or periods of 183 days or more in the aggregate during the relevant tax year. In any such case, the sale, exchange or disposition of such shares would be subject to Israeli tax, to the extent applicable. Eligibility to benefit from tax treaties is conditioned upon the holder presenting a withholding certificate issued by the Israel Tax Authority prior to the applicable payment.

Exercise and Lapse of IPO Warrants

The following discussion relating to our IPO Warrants is not applicable to holders of IPO Warrants who are deemed "controlling members" as defined in Section 3(i) of the Ordinance, which generally means a holder who holds or is entitled to acquire, directly or indirectly, alone or together with his relative, (i) at least 5% of our issued share capital; (ii) at least 5% of our voting power; (iii) the right to receive at least 5% of our profits or assets upon winding up; or (iv) the right to appoint a director. A relative for this purpose means a spouse, brother, sister, parent, parent's parent, descendant, the spouse's descendant and the spouse of any of the foresaid. Such holders should consult with their own tax advisors regarding the potential tax implications to them of the receipt or exercise of our IPO Warrants.

Holders of our IPO Warrants generally will not recognize gain or loss upon the exercise of our IPO Warrants for cash. An Ordinary Share acquired pursuant to the exercise of a Warrant for cash will generally have a tax basis equal to the holder's tax basis in the Warrant, increased by the amount paid to exercise the Warrant. If a Warrant is allowed to lapse unexercised, the holder will generally recognize a capital loss equal to such holder's tax basis in the Warrant.

It is possible that a cashless exercise of a Warrant would be treated as a taxable exchange in which gain or loss is recognized. In such event, a holder could be deemed to have surrendered a number of IPO Warrants with a fair market value equal to the exercise price for the number of IPO Warrants deemed exercised. For this purpose, the number of IPO Warrants deemed exercised would be equal to the number of IPO Warrants that would entitle the holder to receive upon exercise the number of Ordinary Shares issued pursuant to the cashless exercise of the IPO Warrants. In this situation, the holder would recognize capital gain or loss in an amount equal to the difference between the fair market value of the IPO Warrants deemed surrendered to pay the exercise price and the holder's tax basis in the IPO Warrants deemed surrendered.

Holders of IPO Warrants should consult with their own tax advisors regarding the calculation of any tax basis adjustments and the calculation of capital gains upon the sale or other disposition of our IPO Warrants.

Withholding and Reporting

Either the purchaser, the Israeli stockbrokers or financial institutions through which the Ordinary Shares and IPO Warrants are held is obliged to withhold tax on the amount of consideration paid upon the sale of such securities (or on the capital gain realized on the sale, if known) at the Israeli corporate income tax rate for Israeli companies (currently 23%). In case the seller is an individual, the applicable withholding tax rate would be 25% of the amount of the capital gain realized on the sale.

In some instances where our holders may be liable for Israeli tax on the sale of their Ordinary Shares or IPO Warrants, the payment of the consideration may be subject to the withholding of Israeli tax at source. Holders, including non-Israeli resident holders, may be required to demonstrate that they are exempt from tax on their capital gains in order to avoid withholding at source at the time of sale.

In transactions involving a sale of all of the securities of an Israeli resident company, in the form of a merger or otherwise, the Israel Tax Authority may require non-Israeli resident holders who are not liable for Israeli tax to sign a declaration in a form specified by the Israel Tax Authority or obtain a specific exemption from the Israel Tax Authority to confirm their status as a non-resident of Israel, and, in the absence of such declarations or exemptions, may require the purchaser of the securities to withhold taxes at source.

At the sale of securities traded on a stock exchange, a detailed return, including a computation of the tax due, must be filed and an advanced payment must be paid on January 31 and July 31 of every tax year in respect of sales of securities made within the previous six months. However, if all tax due was withheld at source according to applicable provisions of the Ordinance and the regulations promulgated thereunder, then the aforementioned return need not be filed and no advance payment must be made. Capital gain is also reportable on the annual income tax return.

Taxation of Dividend Distributions

Israeli Residents

Israeli resident individuals are generally subject to Israeli income tax on the receipt of dividends paid on our Ordinary Shares (other than bonus shares). The tax rate applicable to such dividends is 25%, or 30% for a holder that is considered a Significant Shareholder the time of distribution or at any time during the 12-month period preceding such distribution. Dividends paid from income attributed to "preferred enterprises" are generally subject to tax at the rate of 20%. Dividends distributed by a "preferred technology enterprise" or a "special preferred technology enterprise," paid out of Preferred Technology Income, are generally subject to tax at the rate of 20%.

Israeli resident companies are generally exempt from tax on the receipt of dividends paid on our Ordinary Shares.

If the dividend is attributable partly to income derived from a "preferred enterprise" or to Preferred Technology Income of a "preferred technology enterprise" or a "special preferred technology enterprise" and partly to other sources of income, the tax rate will be a blended rate reflecting the relative portions of the two types of income. We cannot assure you that we will designate the profits that may be distributed in a way that will reduce holders' tax liability.

Moreover, an additional tax of 3% will be imposed on individuals whose annual taxable income exceeds a certain threshold (NIS 651,600 for 2020, amount is linked to the annual change in the Israeli consumer price index).

Payers of dividends on our shares, including the Israeli stockbroker effectuating the transaction, or the financial institution through which the securities are held, are required, subject to any of the foregoing exemptions or reduced tax rates to withhold taxes upon the distribution of dividends at a rate of 25%, provided that the shares are registered with a nominee company.

Non-Israeli Residents

Non-Israeli residents (whether individuals or corporations) are generally subject to Israeli income tax on the receipt of dividends paid on Ordinary Shares at the rate of 25%, or 30% for a holder that is considered a Significant Shareholder at the time of distribution or any time during the 12-month period preceding such distribution, or 20% if the dividend is distributed from income attributable to a "preferred enterprise," "preferred technology enterprise" or "special preferred technology enterprise," which tax is to be withheld at source, unless a different rate is provided in a treaty between Israel and the holder's country of residence. If the dividends paid out of Preferred Enterprise Technology Income are distributed to a foreign company and other conditions are met, the withholding tax rate may be 4%. Eligibility to benefit from tax treaties is conditioned upon the holder presenting a withholding certificate issued by the Israel Tax Authority prior to the applicable payment.

Payers of dividends on our shares, including the Israeli stockbroker effectuating the transaction, or the financial institution through which the securities are held, are required, subject to any of the foregoing exemptions, reduced tax rates and the demonstration of a shareholder of his, her or its foreign residency, to withhold taxes upon the distribution of dividends at a rate of 25%, provided that the shares are registered with a nominee company (for corporations and individuals and regardless of whether a recipient is a significant shareholder).

Under the U.S.-Israel Tax Treaty, the maximum rate of tax withheld in Israel on dividends paid to a holder of Ordinary Shares who qualifies as a resident of the United States within the meaning of the U.S.-Israel Tax Treaty is 25%. Such tax rate is generally reduced to 12.5% for distribution of income that is not attributable to a "preferred enterprise," "preferred technology enterprise" or "special preferred technology enterprise" or 15% that is so attributable, if the shareholder is a U.S. corporation and holds at least 10% of our issued voting power during the tax year in which the dividend is distributed as well as during the whole of its prior tax year, provided that not more than 25% of the gross income for such preceding year consists of certain types of interest or dividends and a certificate for a reduced withholding tax rate is obtained in advance from the Israel Tax Authority.

The aforementioned rates under the U.S.-Israel Tax Treaty will not apply if the dividend income was derived through a permanent establishment of the U.S. resident in Israel.

A non-Israeli resident who receives dividend income derived from or accrued from Israel, from which the full amount of tax was withheld at source, is generally exempt from the obligation to file tax returns in Israel with respect to such income, provided that: (i) such income was not generated from business conducted in Israel by the taxpayer(ii) the taxpayer has no other taxable sources of income in Israel with respect to which tax return is required to be filed, and (iii) the taxpayer is not obliged to pay Excess Tax.

Eligibility to benefit from tax treaties is conditioned upon the holder presenting a withholding certificate issued by the Israel Tax Authority prior to the applicable dividend distribution.

Taxation of Distributions on IPO Warrants

We do not currently expect to make distributions on our Ordinary Shares. However, if we make any distributions on our Ordinary Shares (including cash distributions), we will be required to make distributions to holders of IPO Warrants. The gross amount of any such distributions to holders of IPO Warrants may be treated as ordinary income for Israeli income tax purposes and subject to ordinary income tax rates. Under applicable law, we will have withholding obligations and may be required to withhold from the gross amount of such distribution at rates which could be up to the highest tax rates applicable to ordinary income. Holders of our IPO Warrants should consult their own tax advisers concerning the Israeli income tax treatment of distributions on our IPO Warrants including, with respect to non-Israeli resident holders, the credibility of any Israeli taxes withheld on such distributions.

Material U.S. Federal Income Tax Considerations for U.S. Holders

The following are material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of our Ordinary Shares or IPO Warrants, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a particular person's decision to own the Ordinary Shares or IPO Warrants. This discussion applies only to a U.S. Holder that holds our Ordinary Shares or IPO Warrants as capital assets for U.S. federal income tax purposes. This discussion does not address tax consequences of a fundamental transaction (as defined under the terms of the IPO Warrants) to U.S. Holders of IPO Warrants. In addition, it does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax consequences, any aspect of the provisions of the Internal Revenue Code of 1986, as amended, or the Code, commonly known as the Medicare tax, the application of any special tax accounting rules under Section 451 of the Code and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding Ordinary Shares or IPO Warrants as part of a "straddle" or integrated transaction or persons entering into a constructive sale with respect to the Ordinary Shares or IPO Warrants;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes;
- tax exempt entities, "individual retirement accounts" or "Roth IRAs";
- persons that own or are deemed to own 10% or more of our stock by vote or value; or
- persons holding our Ordinary Shares or IPO Warrants in connection with a trade or business conducted outside of the United States.

If an entity that is classified as a partnership for U.S. federal income tax purposes owns our Ordinary Shares or IPO Warrants, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning our Ordinary Shares or IPO Warrants and partners in such partnerships should consult their tax advisers as to the particular U.S. federal tax consequences of owning and disposing of the Ordinary Shares or IPO Warrants.

This discussion is based on the Code, administrative pronouncements, judicial decisions, and final and proposed Treasury regulations, changes to any of which subsequent to the date of this Annual Report may affect the tax consequences described herein.

For purposes of this discussion, a "U.S. Holder" is a person who, for U.S. federal income tax purposes, is a beneficial owner of Ordinary Shares or IPO Warrants, as the case may be, and is:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and foreign tax consequences of owning and disposing of our Ordinary Shares or IPO Warrants in their particular circumstances.

Taxation of Distributions on Ordinary Shares

We currently do not expect to make distributions on our Ordinary Shares. Subject to the discussion below under "—Passive Foreign Investment Company Rules," any distributions paid on our Ordinary Shares (other than certain pro-rata distributions of Ordinary Shares) will be treated as dividends to the extent paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Because we do not calculate our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be taxable at the favorable tax rates applicable to "qualified dividend income," provided that we are not a PFIC in our taxable year of the distribution or the preceding taxable year. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of these favorable rates on dividends in their particular circumstances. Dividends will not be eligible for the dividends received deduction generally available to U.S. corporations under the Code and will generally be included in a U.S. Holder's income on the date of receipt.

Dividend income will include any amounts withheld in respect of Israeli taxes, and will be treated as foreign source income for foreign tax credit purposes. Subject to applicable limitations, some of which vary depending upon the U.S. Holder's circumstances, Israeli taxes withheld from dividends on our Ordinary Shares will be creditable against the U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a foreign tax credit, U.S. Holders may elect to deduct foreign taxes (including Israeli taxes) in computing their taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year.

If any dividend is paid in foreign currency, the amount of dividend income will be the dividend's U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognize foreign currency gain or loss in respect of the dividend income. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. Such gain or loss would generally be treated as U.S.-source ordinary income or loss.

Sale or Other Taxable Disposition of Ordinary Shares

Subject to the discussion below under "Passive Foreign Investment Company Rules," gain or loss realized on the sale or other taxable disposition of our Ordinary Shares will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder held the Ordinary Shares for more than one year. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the Ordinary Shares disposed of and the amount realized on the disposition. See "—Sale or Other Taxable Disposition, Exercise or Expiration of IPO Warrants" below for a discussion regarding a U.S. Holder's tax basis and holding period for Ordinary Shares acquired pursuant to an exercise of IPO Warrants. This gain or loss will generally be U.S. source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations.

Sale or Other Taxable Disposition, Exercise or Expiration of IPO Warrants

Subject to the discussion below under "—Passive Foreign Investment Company Rules," gain or loss realized on the sale or other taxable disposition of a Warrant (other than by way of exercise) will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder held the Warrant for more than one year at the time of the sale or disposition. The amount of the gain or loss will equal the difference between the U.S. Holder's tax basis in the IPO Warrants disposed of and the amount realized on the disposition.

In general, a U.S. Holder will not be required to recognize income, gain or loss upon the exercise of a Warrant by payment of the exercise price in cash. A U.S. Holder's tax basis in Ordinary Shares received upon exercise of IPO Warrants will be equal to the sum of (1) the U.S. Holder's tax basis in the Warrant and (2) the exercise price of the Warrant. It is not entirely clear if a U.S. Holder's holding period in the Ordinary Shares received upon exercise will commence on the day the IPO Warrants are exercised or the day after.

Although there is no direct legal authority as to the U.S. federal income tax treatment of an exercise of a Warrant on a cashless basis, we believe that it is reasonable to take the position that such exercise will not be taxable (except with respect to cash received in lieu of a fractional Ordinary Share), either because the exercise is not a gain realization event or because it qualifies as a tax-free recapitalization. In the former case, subject to the discussion below under "—Passive Foreign Investment Company Rules," the holding period of the Ordinary Shares should commence on the day the IPO Warrants are exercised (or possibly the day after). In the latter case, the holding period of the Ordinary Shares would include the holding period of the exercised IPO Warrants. In either case, the U.S. Holder's tax basis in the Ordinary Shares (including any fractional Ordinary Share) received generally would equal the U.S. Holder's tax basis in the IPO Warrants. However, such position regarding the treatment of a cashless exercise is not binding on the Internal Revenue Service, or the IRS, and the IRS may treat a cashless exercise of a Warrant as a taxable exchange. U.S. Holders are urged to consult their tax advisers as to the consequences of an exercise of a Warrant on a cashless basis. The receipt of cash in lieu of a fractional Ordinary Share should result in a capital gain or loss equal to the difference between the cash received and the U.S. Holder's tax basis in the Ordinary Shares allocable to the fractional share.

If a Warrant expires without being exercised, a U.S. Holder will recognize a capital loss in an amount equal to such U.S. Holder's tax basis in the Warrant. This loss will be long-term capital loss if, at the time of the expiration, the U.S. Holder's holding period in the Warrant is more than one year. The deductibility of capital losses is subject to limitations.

Taxation of Distributions on IPO Warrants

We do not currently expect to make distributions on our Ordinary Shares. However, if we make any distributions on our Ordinary Shares (including cash distributions), we will be required to make distributions to holders of IPO Warrants. The gross amount of any such distributions to U.S. Holders of IPO Warrants (including any amounts withheld in respect of Israeli taxes) will be treated as ordinary income for U.S. federal income tax purposes. U.S. Holders should expect that any such distributions will not qualify for the preferential tax rates applicable to qualified dividend income of non-corporate shareholders. In addition, if we are a PFIC for any taxable year, under proposed Treasury regulations that have a retroactive effective date, such distributions could be subject to the adverse PFIC rules described in "—Passive Foreign Investment Company Rules." U.S. Holders should consult their tax advisers concerning the U.S. federal income tax treatment of distributions on IPO Warrants, including the credibility of any Israeli taxes withheld on such distributions.

Passive Foreign Investment Company Rules

There is a risk that we may be treated as a PFIC for any taxable year. Although the application of the PFIC rules to a company like us is subject to uncertainties in some respects, based on our market capitalization value and our income (including governmental grants) for 2020, we believe that it is reasonable to take the position that we were not a PFIC for 2020, but there can be no assurance that the Internal Revenue Service will agree or that a court will uphold this position. For the reasons described below, we cannot express a view as to whether we will be a PFIC for the current or any future taxable year. In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income, or the income test, or (ii) 50% or more of the average value of its assets consists of assets (generally determined on a quarterly basis) that produce, or are held for the production of, passive income, or the assets test. Generally, passive income includes interest, dividends, rents, royalties and certain gains, and cash is generally a passive asset for PFIC purposes.

The assets shown on our balance sheet consist, and are expected to continue to consist, primarily of cash and cash equivalents for the foreseeable future. Therefore, whether we will satisfy the assets test for the current or any future taxable year will depend largely on the quarterly value of our goodwill and on how quickly we utilize our cash in our business. Because (i) the value of our goodwill may be determined by reference to the market price of our Ordinary Shares, which has been, and may continue to be

volatile given the nature and early stage of our business, (ii) we hold, and expect to continue to hold, a significant amount of cash, and (iii) a company's annual PFIC status can be determined only after the end of each taxable year, we cannot express a view as to whether we will be a PFIC for the current or any future taxable year. In addition, it is not clear how to apply the income test to a company like us, which is still developing its key intangible assets and whose overall losses from research activities significantly exceed the amount of its income (including passive income). If our losses from research and development activities are disregarded for purposes of the income test, we may be a PFIC for any taxable year if 75% or more of our gross income (as determined for U.S. federal income tax purposes) for the relevant year is from interest and financial investments. Because the revenue shown on our financial statements is not calculated based on U.S. tax principles, and because for any taxable year we may not have sufficient (or any) non-passive revenue, there is a risk that we may be or become a PFIC under the income test for any taxable year.

For purposes of the PFIC rules for any taxable year, a non-U.S. corporation that directly or indirectly owns at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation.

Under attribution rules, if we were a PFIC for any taxable year and had any subsidiaries or other entities in which we held a direct or indirect equity interest that are also PFICs, or Lower-tier PFICs, U.S. Holders would be deemed to own their proportionate share of any such Lower-tier PFICs and would be subject to U.S. federal income tax according to the rules described in the following paragraph on (i) certain distributions by a Lower-tier PFIC and (ii) a disposition of shares of a Lower-tier PFIC, in each case as if the U.S. Holders held such shares or equity interests directly, even if the U.S. Holders do not receive the proceeds of those distributions or dispositions.

If we were a PFIC for any taxable year during which a U.S. Holder held our Ordinary Shares (and, under proposed Treasury regulations that have a retroactive effective date, IPO Warrants), an adverse tax regime would apply to the U.S. Holder's investment in our Ordinary Shares (or IPO Warrants). Generally, gain recognized upon a taxable disposition (including, under certain circumstances, a pledge) of Ordinary Shares (or, under the proposed Treasury regulations, IPO Warrants) by the U.S. Holder would be allocated ratably over the U.S. Holder's holding period for such Ordinary Shares (or IPO Warrants). The amounts allocated to the taxable year of disposition and to taxable years prior to the first taxable year in which we were a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest tax rate in effect for that taxable year for individuals or corporations, as appropriate, and an interest charge would be imposed on the resulting tax liability for each such year. Further, to the extent that any distribution received by a U.S. Holder on Ordinary Shares (or, under the proposed Treasury regulations, IPO Warrants) exceeded 125% of the average of the annual distributions received on such Ordinary Shares (or IPO Warrants) during the preceding three years or the U.S. Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner. Under proposed Treasury regulations, if we were a PFIC during any taxable year during which a U.S. Holder held our IPO Warrants, the holding period for the Ordinary Shares received upon exercise of such IPO Warrants would include the holding period of the IPO Warrants.

If we were a PFIC for any year during which a U.S. Holder owns Ordinary Shares (or, under the proposed Treasury regulations that have a retroactive effective date, IPO Warrants), we generally would continue to be treated as a PFIC with respect to such U.S. Holder's Ordinary Shares (or IPO Warrants) unless (a) we ceased to be a PFIC and (b) the U.S. Holder has made a deemed sale election under the PFIC rules which may result in recognition of gain (but not loss), taxable under the PFIC rules described above, without the receipt of any corresponding cash.

Alternatively, if we were a PFIC and if the Ordinary Shares were regularly traded on a qualified exchange, a U.S. Holder might be able to make a mark-to-market election with respect to our Ordinary Shares (but generally not with respect to Lower-tier PFICs, if any) that would result in tax treatment different from the general tax treatment for PFICs described above. The Ordinary Shares would be treated as regularly traded in any calendar year in which more than a de minimis quantity of the Ordinary Shares were traded on a qualified exchange on at least 15 days during each calendar quarter. The Nasdaq, where our Ordinary Shares are listed, is a qualified exchange for this purpose. If a U.S. Holder makes the mark-to-market election, the U.S. Holder generally will recognize in each year that we are a PFIC as ordinary income any excess of the fair market value of the Ordinary Shares at the end of the taxable year over their adjusted tax basis, and will recognize an ordinary loss in respect of any excess of the adjusted tax basis of the Ordinary Shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder makes the election, the U.S. Holder's tax basis in the Ordinary Shares will be adjusted to reflect these income or loss amounts. In addition, if a U.S. Holder makes the mark-to-market election, any gain that the U.S. Holder recognizes on the sale or other disposition of Ordinary Shares in a year in which we are a PFIC will be treated as ordinary income and any loss will be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). Under current law, a mark-to-market election is not available with respect to the IPO Warrants and will likely not be available with respect to any lower-tier PFICs. U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances.

We currently do not intend to provide information necessary for U.S. Holders to make qualified electing fund elections, which, if available, would result in a further alternative tax treatment.

If we were a PFIC or, with respect to a particular U.S. Holder, were treated as a PFIC for the taxable year in which we pay a dividend or the prior taxable year, the preferential rates discussed above with respect to dividends paid to certain non-corporate U.S. Holders of our Ordinary Shares would not apply. In addition, if we were a PFIC for any taxable year during which a U.S. Holder owns Ordinary Shares (or, under the proposed Treasury regulations, IPO Warrants), the U.S. Holder would be required to file annual reports with the IRS, subject to certain exceptions.

U.S. Holders should consult their tax advisers regarding the potential application of the PFIC rules to their ownership in our Ordinary Shares or IPO Warrants.

Information Reporting and Backup Withholding

Payments of distributions and sales proceeds that are made within the United States or through certain U.S. related financial intermediaries generally are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

Information with Respect to Foreign Financial Assets

Certain U.S. Holders who are individuals and certain specified entities may be required to report information relating to the Ordinary Shares or IPO Warrants, unless the Ordinary Shares or IPO Warrants are held in an account maintained by a financial institution (in which case the account itself may be reportable if maintained by a non-U.S. financial institution). U.S. Holders should consult their tax advisors regarding their reporting obligations with respect to their ownership and disposition of the Ordinary Shares and IPO Warrants.

10.F. Dividends and Paying Agents

Not applicable.

10.G. Statement by Experts

Not applicable.

10.H. Documents on Display

We are subject to certain of the information reporting requirements of the Exchange Act. As a foreign private issuer, we are exempt from the rules and regulations under the Exchange Act prescribing the furnishing and content of proxy statements, and our officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act, with respect to their purchase and sale of our shares. Furthermore, as a foreign private issuer, we are also not subject to the requirements of Regulation FD (Fair Disclosure) promulgated under the Exchange Act. In addition, we are not required to file reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we are required to file with the SEC, within four months after the end of each fiscal year, an annual report on Form 20-F containing financial statements audited by an independent accounting firm. We publish unaudited interim financial information after the end of each quarter. We furnish this quarterly financial information to the SEC under cover of a Form 6-K.

The SEC maintains a website that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. The address of this website is http://www.sec.gov. The company's website is www.enterbio.com. Information contained on, or that can be accessed through, our website does not constitute a part of this Annual Report on Form 20-F. We have included our website address in this Annual Report on Form 20-F solely as an inactive textual reference.

10.I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of our operations, we are exposed to certain market risks. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of foreign currency exchange rates.

Foreign Currency Exchange Risk

Our functional currency and reporting currency is the U.S. dollar. Although a substantial portion of our expenses (mainly salaries and related costs) are denominated in NIS, accounting for 32%, 31% and 28% of our expenses in the years ended December 31, 2020, 2019 and 2018 , respectively, our revenues were generated under agreement denominated in U.S. dollars and our proceeds from our public offerings, share issuance and convertible loan agreements, which are the main source of our financing, are denominated in U.S. dollars. Fluctuations in the NIS to U.S. dollar exchange rate may affect our results because some of our assets and liabilities are linked to the NIS and a portion of our operating expenses are denominated in NIS. In the future, we also may be exposed to additional currency fluctuations against the U.S. dollar. See "Item 3.D.—Risk Factors—Our business is subject to currency exchange risk and fluctuations between the U.S. dollar and other currencies may negatively affect our earnings and results of operations."

A devaluation of the NIS in relation to the U.S. dollar has the effect of reducing the U.S. dollar amount of our expenses or payables that are payable in NIS, unless those expenses or payables are linked to the U.S. dollar. Conversely, any appreciation of the NIS in relation to the U.S. dollar has the effect of increasing the U.S. dollar value of our unlinked NIS expenses, which would have a negative impact on our profit margins. In 2020, the value of the NIS appreciated against the U.S. dollar by 6.97%, which appreciation was partially offset by inflation in Israel of 0.7%. In 2019, the value of the NIS appreciated against the U.S. dollar by 7.79%, which appreciation was partially offset by inflation in Israel of approximately 0.3%.

Because exchange rates between the U.S. dollar and the NIS (as well as between the U.S. dollar and other currencies) fluctuate continuously, such fluctuations have an impact on our results and period-to-period comparisons of our results. The effects of foreign currency re-measurements are reported in our statements of operations.

We will continue to monitor exposure to currency fluctuations. We do not hedge our foreign currency exchange risk. In the future, we may enter into formal currency hedging transactions to decrease the risk of financial exposure from fluctuations in the exchange rates of our principal operating currencies. These measures, however, may not adequately protect us from the material adverse effects of such fluctuations.

Inflation Risk

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last two fiscal years. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through hedging transactions. Our inability or failure to do so could harm our business, financial condition and results of operations.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

12.A-D.2.

Not applicable.

12D.3-4.

Not Applicable.

PART TWO

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act and regulations promulgated thereunder) as of December 31, 2020, or the Evaluation Date. Based on such evaluation, those officers have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be included in periodic filings under the Exchange Act and that such information is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) Management's Annual Report on Internal Control over Financial Reporting

Our management, under the supervision of our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over our financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process 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. Internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and asset dispositions;
- provide reasonable assurance that transactions are recorded as necessary to permit the preparation of our financial statements in accordance with generally accepted accounting principles;
- provide reasonable assurance that receipts and expenditures are made only in accordance with authorizations of our management and board of directors (as appropriate); and
- provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on our financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, 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.

Our management, including our Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of our internal control over financial reporting as of December 31, 2020 based on criteria established in Internal Control-Integrated Framework (2013) by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on such assessment, our management concluded that the Company's internal control over financial reporting was effective as of December 31, 2020.

(c) Attestation Report of the Registered Public Accounting Firm

As long as we are deemed to be an Emerging Growth Company, we will not be required to include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting, due to an exemption for emerging growth companies provided in the JOBS Act.

(d) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Annual Report that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. Audit Committee Financial Expert

Our board has determined that Ms. Miranda J. Toledano qualifies to serve as an Audit Committee Financial Expert, as defined under the SEC rules, and has Financial and Accounting Expertise, as defined in the regulations promulgated under the Companies Law. Ms. Miranda J. Toledano, also qualifies as an external director under the Companies Law and as an independent director under the corporate governance standards of the Nasdaq listing requirements and the audit committee independence requirements of Rule 10A-3 of the Exchange Act. For more information see "Item 6.C.—Board Practices—Board of Directors."

ITEM 16B. CODE OF ETHICS

Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics applicable to all of our directors, executive officers and employees, including our Chief Executive Officer, Chief Financial Officer, controller or principal accounting officer, or other persons performing similar functions, which is a code of ethics as defined in Item 16B of Form 20-F promulgated by the SEC. The full text of the Code of Business Conduct and Ethics can be found on our website at www.enterabio.com. Information contained on, or that can be accessed through, our website does not constitute a part of this report and is not incorporated by reference herein. If we make any amendment to the Code of Business Conduct and Ethics or grant any waivers, including any implicit waiver, from a provision of the code of ethics, we will disclose the nature of such amendment or waiver on our website to the extent required by the rules and regulations of the SEC. Under Item 16B of Form 20-F, if a waiver or amendment of the Code of Business Conduct and Ethics applies to our principal executive officer, principal financial officer, principal accounting officer or controller and relates to standards promoting any of the values described in Item16B(b) of Form 20-F, we are required to disclose such waiver or amendment on our website in accordance with the requirements of Instruction 4 to such Item 16B.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Kesselman & Kesselman (a member firm of PricewaterhouseCoopers International Limited, or PwC), has served as our principal independent registered public accounting firm for each of the two years ended December 31, 2019 and 2020.

The following table provides information regarding fees paid by us to PwC for all services, for the years ended December 31, 2020 and 2019:

	Year Ended December 31,	
	2020	**2019**
Audit fees [1]	$ 145,000	$ 106,813
Tax fees[2]	17,000	4,500
Other services	-	-
Total fees	$ 162,000	$ 111,313

(1) Includes professional services rendered in connection with the audit of our annual financial statements and the review of our interim financial statements and services related to the company's initial public offering and other registration statements.

(2) Tax consulting services.

Pre-Approval of Auditors' Compensation

Our audit committee is responsible for pre-approving audit and non-audit services provided to us by our independent registered public accounting firm. All of the non-audit services provided to us by the independent auditors following the formation of our audit committee were pre-approved by the audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Corporate Governance Practices

We are incorporated in Israel and therefore are subject to various corporate governance practices under the Companies Law, relating to such matters as external directors, financial experts, our audit committee, our compensation committee and our internal auditor. These matters are in addition to the requirements of Nasdaq and other applicable provisions of U.S. securities laws. As a foreign private issuer whose securities are listed on Nasdaq, we have the option to follow certain Israeli corporate governance practices rather than those of Nasdaq, except to the extent that such laws would be contrary to U.S. securities laws and provided that we disclose the practices that we are not following and describe the home country practices we follow instead. Under Nasdaq rules, a foreign private issuer, such as us, may generally follow its home country rules of corporate governance in lieu of the comparable requirements of Nasdaq rules, except for certain matters including (among others) the composition and responsibilities of the audit committee and the independence of its members within the meaning of the rules and regulations of the SEC.

We rely on the Foreign Private Issuer Exemption with respect to the following Nasdaq requirements:

- Shareholder Approval. Although Nasdaq rules generally require shareholder approval of equity compensation plans and material amendments thereto, we intend to follow Israeli practice, which is to have such plans and amendments approved only by the board of directors, unless such arrangements are for the compensation of executive officers or directors, in which case they also require the approval of the compensation committee, and in the case of directors and the chief executive officer (and under certain circumstances, other executive officers) the approval of the shareholders. In addition, rather than following Nasdaq rules requiring shareholder approval for the issuance of securities in certain circumstances, such as in private transactions exceeding 20% of the Company's outstanding registered securities, we intend to follow Israeli law applicable to us, which requires shareholder approval in the event of issuances to certain related parties, as described below under "—Fiduciary Duties and Approval of Related Party Transactions—Approval of Related Party Transactions."

- Shareholder Quorum. Nasdaq rules require that an issuer have a quorum requirement for shareholder meetings of at least one-third of the outstanding shares of the issuer's common voting stock. As permitted under the Companies Law, pursuant to our amended Articles, the quorum required for an ordinary meeting of shareholders will consist of at least two shareholders present in person or by proxy who hold in the aggregate at least 25% of the voting power of our issued and outstanding shares and, in an adjourned meeting, subject to certain exceptions, any two shareholders.

- Compensation Committee. Nasdaq rules require a listed company to have a compensation committee composed entirely of independent directors that operates pursuant to a written charter addressing its purpose, responsibilities and membership qualifications and may receive counseling from independent consultants, after evaluating their independence. The purpose, responsibilities and membership qualifications of our compensation committee are governed by the Companies Law, rather than the Nasdaq rules. In addition, under the Companies Law, there are no specific independence evaluation requirements for outside consultants.

- Independent Approval of Board Nominations. Nasdaq rules require a listed company to have independent control over the approval of board nominations, either through an independent nominating committee or through a vote by a majority of the company's independent directors. Under the Companies Law, there is no requirement to have a nominating committee or that board nominees be approved by independent directors.

- Independent Directors. Under Nasdaq rules, a majority of the board of directors must be independent. Under the Companies Law, there is no requirement that a majority of the board be independent, rather only that at least two directors meet certain independence requirements and be classified as external directors for purposes of the Companies Law. See "Item 6.C.—Board Practices—External Directors."

- Executive Sessions. Nasdaq rules require that independent directors hold regularly scheduled executive sessions, where only independent directors are present. Under the Companies Law, our independent directors may choose to hold executive sessions at their discretion, but are not required to do so.

- Third Party Director Compensation. We follow Israeli law requirements with respect to disclosure of compensation for our directors and executive officers. Israeli law does not require that we disclose information regarding third party compensation of our directors or director nominees. As a result, our practice varies from the third-party compensation disclosure requirements of Nasdaq.

Except as stated above, we intend to substantially comply with the rules applicable to U.S. companies listed on the Nasdaq. We may in the future decide to avail ourselves of other foreign private issuer exemptions with respect to some or all of the other Nasdaq rules from which exemptions are available to foreign private issuers. Following our home country governance practices, as opposed to the requirements that would otherwise apply to a company listed on Nasdaq, may provide less protection than is accorded to investors under Nasdaq rules applicable to domestic issuers.

Fiduciary Duties and Approval of Related Party Transactions

Fiduciary Duties of Directors and Officers

Israeli law imposes a duty of care and a duty of loyalty on all directors and officers of a company. The duty of care requires a director or officer to act with the level of care with which a reasonable director or officer in the same position would have acted under the same circumstances. The duty of care includes, among other things, a duty to use reasonable means, under the circumstances, to obtain information on the advisability of a given action brought for his or her approval or performed by virtue of his or her position and other important information pertaining to such action. The duty of loyalty requires the director or officer to act in good faith and for the benefit of the company. The duty of loyalty includes a duty to:

- refrain from any conflict of interest between the performance of his or her duties to the company and his or her other duties or personal affairs;

- refrain from any activity that is competitive with the company;

- refrain from exploiting any business opportunity of the company to receive a personal gain for himself or herself or others; and

- disclose to the company any information or documents relating to the company's affairs which the office holder received as a result of his or her position as an office holder.

Disclosure of Personal Interests and Approval of Related Party Transactions

The Companies Law requires that an office holder promptly disclose to the board of directors any personal interest that he or she may be aware of and all related material information or documents concerning any existing or proposed transaction with the company. An interested office holder's disclosure must be made promptly and in any event no later than the first meeting of the board of directors at which the transaction is considered. Pursuant to Israeli law, the disclosure requirements regarding personal interests that apply to directors and executive officers also apply to a controlling shareholder of a public company. In the context of a transaction involving a shareholder of the company, a controlling shareholder also includes a shareholder who holds 25% or more of the voting rights in the company if no other shareholder holds more than 50% of the voting rights in the company. For this purpose, the holdings of all shareholders who have a personal interest in the same transaction will be aggregated. For a description regarding who is considered to have a personal interest, see "Item 6.C.—Board Practices—Board Committees."

Under the Companies Law, a related party transaction may be approved only if it is for the benefit of the company. A transaction that is not an Extraordinary Transaction in which a director or officer has a personal interest requires the approval of the board of directors, unless the articles of association of the company provide otherwise. If the transaction is an Extraordinary Transaction, it must be approved by the audit committee and the board of directors, and, under certain circumstances, by the shareholders of the company, as well. An Extraordinary Transaction is a transaction other than in the ordinary course of business, other than on market terms or that is likely to have a material impact on the company's profitability, assets or liabilities.

Extraordinary Transactions in which a controlling shareholder has a personal interest require the approval of the audit committee (or, in the case of compensation, indemnification or insurance of a controlling shareholder, the compensation committee), the board of directors and the shareholders of the company. The shareholder approval must be by a simple majority of all votes cast, provided that (i) such majority includes a simple majority of the votes cast by shareholders having no personal interest in the matter or (ii) the total number of votes of shareholders mentioned in clause (i) above who voted against such transaction does not exceed 2% of the total voting rights in the company. To the extent that any such transaction with a controlling shareholder is for a period extending beyond three years and under certain conditions, five years from a company's initial public offering, approval is required at the end of such period unless, with respect to certain transactions, the audit committee determines that the duration of the transaction is reasonable given the circumstances related thereto.

The Companies Law generally prohibits any director who has a personal interest in an Extraordinary Transaction from being present for the discussion and voting pertaining to such transaction in the audit committee or board of directors, except in circumstances where the majority of the board of directors or the audit committee has a personal interest in the transaction, in which case such transaction also requires shareholder approval.

Pursuant to regulations promulgated under the Companies Law, certain transactions with a controlling shareholder or his or her relative, or with directors or other office holders, that would otherwise require approval of a company's shareholders may be exempt from shareholder approval under certain conditions.

Approval of Director and Officer Compensation

Under the Companies Law, we are required to adopt a compensation policy with respect to our directors and officers once every three years, provided however that the compensation policy adopted within nine months from the closing of the Company's initial public offering is valid for five years. The compensation policy must serve as the basis for decisions concerning the financial terms of employment or engagement of office holders, including compensation, benefits, exculpation, insurance and indemnification. The compensation policy must take into account certain factors, including advancement of the company's objectives, the company's business plan and its long-term strategy, and creation of appropriate incentives. It must also consider, among other things, the company's risk management, size and the nature of its operations. The compensation policy must include certain principles, such as: a link between variable compensation and long-term performance and measurable criteria; the relationship between variable and fixed compensation; and the minimum holding or vesting period for variable, equity-based compensation.

Following the recommendation of our compensation committee, the compensation policy must be approved by our board of directors and shareholders. The shareholder approval must be by a simple majority of all votes cast, provided that (i) such majority includes a simple majority of the votes cast by non-controlling shareholders having no personal interest in the matter or (ii) the total number of votes of shareholders mentioned in clause (i) above who voted against such transaction does not exceed 2% of the total voting rights in the company. Even if shareholders do not approve the compensation policy, the board of directors may resolve to approve the compensation policy, subject to certain conditions. We have adopted a compensation policy on September 27, 2018.

In general, the compensation terms of directors, the chief executive officer and any employee or service provider who is considered a controlling shareholder must be approved by the compensation committee, the board of directors and the shareholders. Shareholder approval is not required for director compensation payable in cash up to the maximum amount set forth in the regulations governing the compensation of external directors. The compensation terms of other officers who report directly to the chief executive officer require the approval of the compensation committee and the board of directors (subject to certain exceptions), and under certain circumstances may require shareholder approval.

Shareholder Duties

Pursuant to the Companies Law, a shareholder has a duty to act in good faith and in a customary manner toward the company and other shareholders and to refrain from abusing his or her power in the company, including, among other things, in voting at a general meeting and at shareholder class meetings with respect to the following matters:

- an amendment to the company's articles of association;

- an increase of the company's authorized share capital;
- a merger; or
- the approval of related party transactions and acts of office holders that require shareholder approval.

A shareholder also has a general duty to refrain from discriminating against other shareholders.

In addition, certain shareholders have a duty of fairness toward the company. These shareholders include a controlling shareholder, a shareholder who knows that he or she has the power to determine the outcome of a shareholder vote and a shareholder who has the power to appoint or to prevent the appointment of an office holder of the company or other power towards the company. The Companies Law does not define the substance of the duty of fairness, except to state that the remedies generally available upon a breach of contract will also apply in the event of a breach of the duty to act with fairness.

Anti-Takeover Measures under Israeli Law

The Companies Law allows us to create and issue shares having rights different from those attached to our Ordinary Shares, including shares providing certain preferred rights with respect to voting, distributions or other matters and shares having preemptive rights. Currently there are no preferred shares authorized under our Articles. In the future, if we do authorize, create and issue a specific class of preferred shares, such class of shares, depending on the specific rights that may be attached to it, may have the ability to frustrate or prevent a takeover or otherwise prevent our shareholders from realizing a potential premium over the market value of their Ordinary Shares. The authorization and designation of a class of preferred shares will require an amendment to our Articles, which requires the prior approval of the holders of a majority of the voting power attaching to our issued and outstanding shares at a general meeting. The convening of the meeting, the shareholders entitled to participate and the majority vote required to be obtained at such a meeting will be subject to the requirements set forth in the Companies Law.

Acquisitions under Israeli Law

Full tender offer

A person wishing to acquire shares of an Israeli public company and who would as a result hold over 90% of the target company's issued and outstanding share capital is required by the Companies Law to make a tender offer to all of the company's shareholders for the purchase of all of the issued and outstanding shares of the company. A person wishing to acquire shares of a public Israeli company and who would as a result hold over 90% of the issued and outstanding share capital of a certain class of shares is required to make a tender offer to all of the shareholders who hold shares of the relevant class for the purchase of all of the issued and outstanding shares of that class. If the shareholders who do not accept the offer hold less than 5% of the issued and outstanding share capital of the company or of the applicable class, and more than half of the shareholders who do not have a personal interest in the offer accept the offer, all of the shares that the acquirer offered to purchase will be transferred to the acquirer by operation of law. However, a tender offer will also be accepted if the shareholders who do not accept the offer hold less than 2% of the issued and outstanding share capital of the company or of the applicable class of shares.

Upon a successful completion of such a full tender offer, any shareholder that was an offeree in such tender offer, whether such shareholder accepted the tender offer or not, may, within six months from the date of the tender offer, petition an Israeli court to determine whether the tender offer was for less than fair value and that the fair value should be paid as determined by the court. However, under certain conditions, the offeror may include in the terms of the tender offer that an offeree who accepted the offer will not be entitled to petition the Israeli court as described above.

If (i) the shareholders who did not respond or accept the tender offer hold at least 5% of the issued and outstanding share capital of the company or of the applicable class or the shareholders who accept the offer constitute less than a majority of the offerees that do not have a personal interest in the acceptance of the tender offer, or (ii) the shareholders who did not accept the tender offer hold 2% or more of the issued and outstanding share capital of the company (or of the applicable class), the acquirer may not acquire shares from shareholders who accepted the tender offer that will increase its holdings to more than 90% of the company's issued and outstanding share capital or of the applicable class.

Special tender offer

The Companies Law provides that an acquisition of shares of an Israeli public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of 25% or more of the voting rights in the company. This requirement does not apply if there is already another holder of at least 25% of the voting rights in the company. Similarly, the Companies Law provides that an acquisition of shares in a public company must be made by means of a special tender offer if as a result of the acquisition the purchaser would become a holder of more than 45% of the voting rights in the company, if there is no other shareholder of the company who holds more than 45% of the voting rights in the company, subject to certain exceptions.

A special tender offer must be extended to all shareholders of a company but the offeror is not required to offer to purchase shares representing more than 5% of the voting power attached to the company's outstanding shares, regardless of how many shares are tendered by shareholders. A special tender offer may be consummated only if (i) the offeror acquired shares representing at least 5% of the voting power in the company and (ii) the number of shares tendered by shareholders who accept the offer exceeds the number of shares held by shareholders who object to the offer (excluding the controlling shareholders of the purchaser and holders of 25% or more of the voting rights in the company or any person having a personal interest in the acceptance of the tender offer). If a special tender offer is accepted, the purchaser or any person or entity controlling it at the time of the offer or under common control with the purchaser or such controlling person or entity at the time of the offer may not make a subsequent tender offer for the purchase of shares of the target company and may not enter into a merger with the target company for a period of one year from the date of the offer, unless the purchaser or such person or entity undertook to effect such an offer or merger in the initial special tender offer.

Merger

The Companies Law permits merger transactions if approved by each party's board of directors and, unless certain requirements described under the Companies Law are met, by a majority vote of each party's shareholders. In the case of the target company, approval of the merger further requires a majority vote of each class of its shares.

For purposes of the shareholder vote, unless a court rules otherwise, the merger will not be deemed approved if a majority of the votes of shares represented at the meeting of shareholders that are held by parties other than the shares held by the other party to the merger, or by any person (or group of persons acting in concert) who holds (or hold, as the case may be) 25% or more of the voting rights or the right to appoint 25% or more of the directors of the other party, vote against the merger. If, however, the merger involves a merger with a company's own controlling shareholder or if the controlling shareholder has a personal interest in the merger, then the merger is instead subject to the same Special Majority approval that governs all Extraordinary Transactions with controlling shareholders, as described in "Item 6.C.–Board Practices—Board Committees."

If the transaction would have been approved by the shareholders of a merging company if it weren't for the need for separate approval of each class or the exclusion of the votes of certain shareholders as provided above, a court may still approve the merger upon the petition of holders of at least 25% of the voting rights of a company. For such petition to be granted, the court must find that the merger is fair and reasonable, taking into account the respective values assigned to each of the parties to the merger and the consideration offered to the shareholders of the target company.

Upon the request of a creditor of either party to the proposed merger, the court may delay or prevent the merger if it concludes that there exists a reasonable concern that, as a result of the merger, the surviving company will be unable to satisfy the obligations of the merging entities, and may further give instructions to secure the rights of creditors.

In addition, a merger may not be consummated unless at least 50 days have passed from the date on which a proposal for approval of the merger is filed with the Israeli Registrar of Companies and at least 30 days have passed from the date on which the merger was approved by the shareholders of each party.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART THREE

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

The following audited consolidated financial statements, and the related notes thereto, and the Report of Independent Public Accounting Firm are filed as a part of this Annual Report.

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ITEM 19. EXHIBITS

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION OF DOCUMENT
1.1*	Amended and Restated Articles of Association of Entera Bio Ltd.
2.1	Amended and Restated Investor's Rights Agreement, dated as of October 4, 2017, between the Registrant and the other parties thereto (incorporated herein by reference to Exhibit 10.10 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
2.2*	Description of rights of each applicable class of securities registered under Section 12 of the Securities Exchange Act of 1934
4.2	Specimen Form of Ordinary Share Certificate (incorporated herein by reference to Exhibit 4.1 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.3	Form of Warrant issued by the Registrant pursuant to our initial public offering (incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on May 17, 2018)
4.4	Form of Underwriter Warrant issued by the Registrant to Maxim Group LLC (incorporated herein by reference to Exhibit 4.3 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on May 17, 2018)
4.5	Form of Warrant issued by the Registrant to Centillion Fund on each of January 29, 2014 and January 21, 2015 (incorporated herein by reference to Exhibit 4.2 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.6	Form of additional Warrant issued by the Registrant to Centillion Fund on January 21, 2015 (incorporated herein by reference to Exhibit 4.3 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.7	Form of Warrant issued by the Registrant to the lenders on June 24, 2016 (incorporated herein by reference to Exhibit 4.4 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.8	Form of Warrant issued by the Registrant to GP Nurmenkari Inc. (incorporated herein by reference to Exhibit 4.5 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.9	Patent Transfer Agreement, dated as of February 22, 2011, between the Registrant and Oramed Ltd. (incorporated herein by reference to Exhibit 10.1 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.10	Convertible Financing Agreement, dated as of November 8, 2012, among the Registrant, D.N.A Biomedical Solutions, Ltd. and the lenders thereto (incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.11	Convertible Financing Agreement, dated as of December 31, 2012, among the Registrant, D.N.A Biomedical Solutions, Ltd. and the lenders thereto (incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.12	The Entera Bio Ltd. Share Incentive Plan (incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.13	Series A Preferred Share Purchase Agreement, dated as of January 29, 2014, between the Registrant and Centillion Fund (incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.14	First Amendment to Series A Preferred Share Purchase Agreement, dated as of June 18, 2014, between the Registrant and Centillion Fund (incorporated herein by reference to Exhibit 10.6 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.15	Second Amendment to Series A Preferred Share Purchase Agreement, dated as of January 21, 2015, between the Registrant and Centillion Fund (incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.16	Third Amendment to Series A Preferred Share Purchase Agreement, dated as of November 2015, between the Registrant and Centillion Fund (incorporated herein by reference to Exhibit 10.8 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 20, 2017)
4.17	Fourth Amendment to Series A Preferred Share Purchase Agreement, dated as of July 20, 2017, between the Registrant and Centillion Fund (incorporated herein by reference to Exhibit 10.8 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 20, 2017)

4.18	Form of indemnification agreement between the Registrant and its directors and executive officers (incorporated herein by reference to Exhibit 10.12 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 20, 2017)
4.19	Service Agreement, dated April 6, 2017, between Roger Garceau and the Company (incorporated herein by reference to Exhibit 10.13 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on November 9, 2017)
4.20	2018 Equity Incentive Plan (incorporated herein by reference to Exhibit 99 to the Company's Registration Statement on Form S-8 (File No. 333-227488) filed with the SEC on September 24, 2018)
4.21	Form of Stock Option Award Agreement under the 2018 Equity Incentive Plan (incorporated herein by reference to Exhibit 4.25 to the Company's Annual Report on Form 20-F (File No. 001-38556) filed with the SEC on March 28, 2019)
4.22	Amendment No. 1 to the Series B Preferred Share Purchase Agreement, dated December 18, 2017, between the Registrant and the other parties thereto (incorporated herein by reference to Exhibit 10.17 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on January 5, 2018)
4.23	Form of Warrant Agency Agreement (incorporated herein by reference to Exhibit 10.18 to the Company's Registration Statement on Form F-1 (File No. 333-221472) filed with the SEC on June 15, 2018)
4.24 †	Research Collaboration and License Agreement, dated as of December 10, 2018, between Amgen Inc. and Entera Bio Ltd. (incorporated herein by reference to Exhibit 4.28 to the Company's Amended Annual Report on Form 20-F/A (File No. 001-38556) filed with the SEC on April 17, 2019)
4.25	Form of Regulation D Private Placement Subscription Agreement
4.26	Subscription Agreement, dated December 13, 2019, between the Registrant and D.N.A Biomedical Solutions Ltd.
4.27	Form of Investor Warrant used by the Registrant pursuant to its 2019 Private Placement
4.28	Registration Rights Agreement, dated December 10, 2019, between the Registrant and the other parties thereto
4.29	Equity Distribution Agreement, dated as of July 13, 2020 between Entera Bio Ltd. and Canaccord Genuity LLC (incorporated herein by reference to Exhibit 1.2 to the Company's Registration Statement on Form F-3 (File No. 333-239843) filed with the SEC on July 13, 2020)
4.30*	Employment Agreement, dated as of January 4, 2021 between Entera Bio Ltd. and its Chief Executive Officer and director, Dr. Spiros Jamas
8.1*	List of subsidiaries
12.1*	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002
12.2*	Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002
13.1**	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
13.2**	Certification pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
15.1*	Consent of Kesselman & Kesselman, Certified Public Accountants, a member firm of PricewaterhouseCoopers International Limited, an independent registered public accounting firm.
101	The following materials from our Annual Report on Form 20-F for the year ended December 31, 2019 formatted in XBRL (Extensible Business Reporting Language) are furnished herewith: (i) the Report of Independent Registered Public Accounting Firm, (ii) the consolidated statements of financial position, (iii) the consolidated statements of comprehensive loss, (iv) the consolidated statements of changes in shareholders' equity (capital deficiency), (v) the consolidated statements of cash flows, and (vi) the notes to consolidated financial statements, tagged as blocks of text and in detail.

* Filed herewith.

** Furnished herewith.

† Confidential treatment granted as to portions of the exhibit. Confidential materials omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Entera Bio Ltd. hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

ENTERA BIO LTD.

By: /s/ Dr. Spiros Jamas
Dr. Spiros Jamas
Title: Chief Executive Officer
Date: March 18, 2020

ENTERA BIO LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

ENTERA BIO LTD.
CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the board of directors and shareholders of Entera Bio Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Entera Bio Ltd. and its subsidiary (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive loss, changes in shareholders' equity (capital deficiency) and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 1b to the consolidated financial statements, the Company has suffered recurring losses from operations and has cash outflows from operating activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 1b. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member of PricewaterhouseCoopers International Limited
Tel-Aviv, Israel
March 18, 2021

We have served as the Company's auditor since 2010.

ENTERA BIO LTD.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2020	December 31 2019
		U.S. dollars in thousands	
A s s e t s			
CURRENT ASSETS:			
Cash and cash equivalents		8,593	15,185
Accounts receivable	12	255	278
Other current assets	13a	261	173
TOTAL CURRENT ASSETS		9,109	15,636
NON-CURRENT ASSETS:			
Property and equipment		192	202
Right of use assets	9	356	260
Intangible assets	5	605	605
TOTAL NON-CURRENT ASSETS		1,153	1,067
TOTAL ASSETS		10,262	16,703
Liabilities and shareholders' equity			
CURRENT LIABILITIES:			
Accounts payable:			
Trade		164	334
Other	13b	1,330	1,370
Current maturities of lease liabilities	9	189	177
Warrants to purchase ordinary shares	10	1,432	2,444
Contract liabilities	12	158	267
TOTAL CURRENT LIABILITIES		3,273	4,592
NON-CURRENT LIABILITIES:			
Lease liabilities	9	243	122
Severance pay obligations, net		81	70
TOTAL NON-CURRENT LIABILITIES		324	192
TOTAL LIABILITIES		3,597	4,784
COMMITMENTS AND CONTINGENCIES	8		
SHAREHOLDERS' EQUITY:	10		
Ordinary Shares, NIS 0.0000769 par value: Authorized - as of December 31, 2020 and December 31, 2019, 140,010,000 shares; issued and outstanding: as of December 31, 2020, and December 31, 2019 21,057,922 and 17,864,684 shares, respectively		*	*
Accumulated other comprehensive income		41	41
Other reserves		8,924	11,398
Additional paid in capital		70,595	63,392
Accumulated deficit		(72,895)	(62,912)
TOTAL SHAREHOLDERS' EQUITY		6,665	11,919
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,262	16,703

* Represents an amount less than one thousand US dollars.

The accompanying notes are an integral part of the consolidated financial statements

ENTERA BIO LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended December 31		
		2020	2019	2018
		U.S. dollars in thousands		
REVENUE	12	365	236	500
COST OF REVENUE		209	210	-
RESEARCH AND DEVELOPMENT EXPENSES, NET		6,398	7,199	8,518
GENERAL AND ADMINISTRATIVE EXPENSES		4,891	4,281	2,843
OPERATING LOSS		11,133	11,454	10,861
FINANCIAL INCOME:	6,7,10			
Income from change in fair value of financial liabilities at fair value through profit or loss, net		(1,237)	(743)	(523)
Other financial expenses (income), net		67	84	(34)
FINANCIAL INCOME, NET		(1,170)	(659)	(557)
LOSS BEFORE TAXES		9,963	10,795	10,304
TAXES ON INCOME		20	-	-
NET COMPREHENSIVE LOSS FOR THE YEAR		9,983	10,795	10,304
		U.S. dollars (except for share numbers)		
LOSS PER ORDINARY SHARE:	14			
Basic		0.54	0.89	1.30
Diluted		0.55	0.89	1.31
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES:				
Basic		18,417,093	12,146,729	7,955,447
Diluted		18,563,675	12,146,729	7,983,402

The accompanying notes are an integral part of the consolidated financial statements

ENTERA BIO LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)

	Number of ordinary shares	Ordinary Shares- Amount	Accumulated other comprehensive income	Other reserves	Additional paid in capital	Accumulated deficit	Total
				U.S. dollars in thousands			
BALANCE AT JANUARY 1, 2018	4,490,720	*	41	7,361	2,853	(41,813)	(31,558)
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2018:							
Loss for the year	-	-	-	-	-	(10,304)	(10,304)
Share-based compensation	-	-	-	1,233	-	-	1,233
Issuance of shares and warrants, net	1,410,000	*	-	427	8,011	-	8,438
Conversion of Preferred shares into Ordinary shares	4,905,420	*	-	-	32,621	-	32,621
Conversion of convertible loan into Ordinary shares	622,180	*	-	-	4,138	-	4,138
Classification of Warrants to purchase preferred shares and shares into Warrants to purchase ordinary shares	-	-	-	5,548	-	-	5,548
Reclassification due to share-based compensation expired	-	-	-	(1,195)	1,195	-	-
Exercise of options to ordinary shares	31,460	*	-	(304)	304	-	-
Reclassification of capital contribution from controlling shareholder	-	-	-	(51)	51	-	-
BALANCE AT DECEMBER 31, 2018	11,459,780	*	41	13,019	49,173	(52,117)	10,116

* Represents an amount of less than one thousand.

The accompanying notes are an integral part of the consolidated financial statements

ENTERA BIO LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CAPITAL DEFICIENCY)

	Number of ordinary shares	Ordinary Shares- Amount	Accumulated other comprehensive income	Other reserves	Additional paid in capital	Accumulated deficit	Total
				U.S. dollars in thousands			
BALANCE AT JANUARY 1, 2019	11,459,780	*	41	13,019	49,173	(52,117)	10,116
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2019:							
Net loss for the year						(10,795)	(10,795)
Exercise of options to ordinary shares	662,251	*	-	(586)	724	-	138
Issuance of shares due to exercise of right to purchase ordinary shares	32,500	*	-	(99)	199	-	100
Issuance of shares and warrant due to a private placement, net of issuance costs	5,710,153	*		205	10,672		10,877
Reclassification due to share-based compensation and warrants expired	-	-	-	(2,624)	2,624	-	-
Share-based compensation	-	-	-	1,483	-	-	1,483
BALANCE AT DECEMBER 31, 2019	17,864,684	*	41	11,398	63,392	62,912	11,919
BALANCE AT JANUARY 1, 2020	17,864,684	*	41	11,398	63,392	(62,912)	11,919
CHANGES DURING THE YEAR ENDED DECEMBER 31, 2020:							
Net loss for the year			-	-	-	(9,983)	(9,983)
Exercise of options to ordinary shares	31,954	*	-	(35)	103	-	68
Issuance of shares and warrant due to a private placement, net of issuance costs	337,553	*	-	-	573	-	573
Issuance of shares due to the ATM program, net of issuance costs	2,802,731	*	-	-	3,187	-	3,187
Expiration of options and warrants				(3,300)	3,300		-
Vested restricted share units	21,000	*	-	(40)	40	-	-
Share-based compensation	-	-	-	901	-	-	901
BALANCE AT DECEMBER 31, 2020	21,057,922	*	41	8,924	70,595	(72,895)	6,665

* Represents an amount of less than one thousand.

The accompanying notes are an integral part of the consolidated financial statements

ENTERA BIO LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2020	2019	2018
	U.S. dollars in thousands		
CASH FLOWS USED IN OPERATING ACTIVITIES:			
Net loss for the year	(9,983)	(10,795)	(10,304)
Adjustments required to reflect net cash used in operating activities (see appendix A)	(440)	1,876	508
Net cash used in operating activities	(10,423)	(8,919)	(9,796)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES:			
Restricted deposits	(33)	(14)	-
Short-term bank deposits	-	4,000	(4,000)
Purchase of property and equipment	(53)	(40)	(68)
Net cash provided by (used in) investing activities	(86)	3,946	(4,068)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES:			
Principle element of lease payments	(136)	(114)	-
Issuance of ordinary shares and warrants, net of issuance costs	798	12,528	9,624
Issuance of shares due to the ATM program, net of issuance costs	3,187	-	-
Proceeds from exercise of warrants	-	100	-
Proceeds from exercise of options	68	138	-
Net cash provided by financing activities	3,917	12,652	9,624
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,592)	7,679	(4,240)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	15,185	7,506	11,746
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	8,593	15,185	7,506

ENTERA BIO LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31		
	2020	2019	2018
	U.S. dollars in thousands		
APPENDIX A:			
Adjustments required to reflect net cash used in operating activities:			
Depreciation	225	238	54
Change in fair value of financial liabilities at fair value through profit or loss	(1,237)	(743)	(523)
Issuance costs	-	164	270
Financial expenses, net	55	10	21
Net changes in severance pay obligation	11	5	(5)
Share-based compensation	901	1,483	1,233
	(45)	1,157	1,050
Changes in working capital:			
Decrease (increase) in accounts receivable	23	447	(725)
Decrease (increase) in other current assets	(55)	61	451
Increase (decrease) in accounts payable:			
Trade	(170)	(139)	(123)
Other	(40)	280	(334)
Increase (decrease) in contract liabilities	(109)	42	225
	(351)	691	(506)
Cash used for operating activities**:**			
Interest received	-	83	-
Interest paid	(44)	(55)	(36)
	(440)	1,876	508
APPENDIX B:			
Supplementary information on investing and financing activities not involving cash flows:			
Conversion of preferred shares into ordinary shares	-	-	32,621
Conversion of convertible loan into ordinary shares	-	-	4,138
Right of use assets obtained in exchange for new operating lease liabilities	258	224	-
Vested restricted shares units	*	-	-

The accompanying notes are an integral part of the consolidated financial statements

NOTE 1 - GENERAL INFORMATION:

a. General:

1. Entera Bio Ltd. (collectively with its subsidiary, the "Company") was incorporated on September 30, 2009 and commenced operation on June 1, 2010. On January 8, 2018 the Company incorporated Entera Bio Inc., a fully owned subsidiary incorporated in Delaware USA. The Company is a leader in the development and commercialization of orally delivered large molecule therapeutics for use in areas with significant unmet medical need where adoption of injectable therapies is limited due to cost, convenience and compliance challenges for patients. The Company's most advanced product candidates, EB613 for the treatment of osteoporosis and EB612 for the treatment of hypoparathyroidism, are based on its proprietary technology platform and are both in Phase 2 clinical development. The Company also licenses its technology to biopharmaceutical companies for use with their proprietary compounds and, to date, has completed one such collaboration with Amgen Inc.

2. The Company's securities have been listed for trading on the Nasdaq Capital Market since the Company's initial public offering in July 2018, where a total of 1,400,000 new ordinary shares were issued in consideration of net proceeds of $9.6 million, after deducting offering expenses (see note 10b).

3. On December 10, 2018, the Company entered into a research collaboration and license agreement (the "Amgen Agreement") with Amgen Inc. ("Amgen") in inflammatory disease and other serious illnesses. Pursuant to the Amgen Agreement, the Company and Amgen use the Company's proprietary drug delivery platform to develop oral formulations for one preclinical large molecule program that Amgen has selected. Amgen also has options to select up to two additional programs to include in the collaboration. Amgen is responsible for the clinical development, regulatory approval, manufacturing and worldwide commercialization of the programs.

   The Company granted Amgen an exclusive, worldwide, sublicensable license under certain of its intellectual property relating to its drug delivery technology to develop, manufacture and commercialize the applicable products. The Company will retain all intellectual property rights to its drug delivery technology, and Amgen will retain all rights to its large molecules and any subsequent improvements, and ownership of certain intellectual property developed through the performance of the collaboration is to be determined by U.S. patent law. See additional information in note 12.

b. Since the Company is engaged in research and development activities, it has not derived significant income from its activities and has incurred accumulated losses in the amount of $72.9 million through December 31, 2020 and negative cash flows from operating activities. The Company's management is of the opinion that its available funds as of December 31, 2020 will allow the Company to operate under its current plans into the second quarter of 2022. These factors raise substantial doubt as to the Company's ability to continue as a going concern.

Management is in the process of evaluating various financing alternatives in the public or private equity markets, government grants or through license of the company's technology to additional external parties through partnerships or research collaborations as the Company will need to finance future research and development activities, general and administrative expenses and working capital through fund raising. However, there is no certainty about the Company's ability to obtain such funding.

NOTE 1 - GENERAL INFORMATION (continued)**:**

The financial information has been prepared on a going concern basis, which assumes the Company will continue to realize its assets and discharge its liabilities in the normal course of business. If the Company does not raise the requisite funds, it will need to curtail or cease operations. These financial statements do not include any adjustments that may be necessary should the Company be unable to continue as a going concern.

c. COVID-19 pandemic

In December 2019, a novel strain of coronavirus, COVID-19, was identified in Wuhan, China. Starting in March 2020, this virus began to spread globally, including to the United States and Israel and continues to spread globally. The spread of COVID-19 from China to other countries has resulted in the Director General of the World Health Organization declaring the outbreak of COVID-19 as a pandemic. The COVID-19 outbreak continues to rapidly evolve.

In March 2020, the Government of Israel, where the Company operates its research and development activities and clinical trials, imposed a mandatory quarantine of all foreign visitors and, in addition, announced that non-Israeli residents or citizens traveling from certain countries may be denied entry into Israel. Israel has further issued regulations imposing partial home confinement and other movement restrictions, reducing staffing of non-essential businesses, restricting public transportation and other public activities. The Company continues to monitor its operations and government regulations, guidelines and recommendations and may temporarily close its office space to protect its employees. In addition, hospitals may reduce staffing and have begun to reduce or postpone certain treatments in response to the spread of an infectious disease, including its clinical trials. Disruptions to the supply chain may prevent the Company from receiving necessary materials from manufacturers for the Company's research and may also delay third-party laboratories with which the Company works from performing research tasks.

Israeli authorities have begun repurposing certain medical institutions to function as centers for COVID-19 treatment, including two centers where the Company conduct trials. These disruptions may prevent or delay the completion of research and development activities and the clinical trials on the expected timelines. In addition, interruption or delays in the operations of the FDA and foreign regulatory authorities may impact review and approval timelines.

The extent to which the coronavirus impacts the Company's business will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity and geographic reach of the coronavirus and the effectiveness of actions to contain the coronavirus or treat its impact, among others.

d. Approval of financial statements

These financial statements were approved by the Company's Board of Directors on March 17, 2021.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Basis of preparation of the financial statements:

The consolidated statements of financial position of the Company as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive loss, changes in shareholders' equity (capital deficiency) and consolidated statement of cash flows for each of the three years ended December 31, 2020 have been prepared in accordance with International Financial Reporting Standards, ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The significant accounting policies described below have been applied consistently in relation to all the periods presented, unless otherwise stated.

The financial statements have been prepared under the historical cost except for financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3. Actual results could differ from those estimates and assumptions.

b. Functional and presentation currency:

1) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The U.S. dollar is the currency of the primary economic environment in which the operations of the Company is conducted. The consolidated financial statements are presented in U.S. dollars.

2) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive loss within financial income or expenses.

Translation differences on non-monetary financial assets and liabilities at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss within financial income or expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

c. Basis of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiary, Entera Bio Inc. Intercompany transactions and balances have been eliminated upon consolidation.

d. Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term bank deposits (with original maturities of three months or less) that are not restricted as to withdrawal or use and are therefore considered to be cash equivalents.

e. Short-term bank deposits

Bank deposits with maturities of more than three months but less than one year are included in short-term bank deposits. The fair value of short-term bank deposits approximates their carrying value, since they bear interest at rates close to the prevailing market rates.

f. Restricted deposits

Restricted deposits relate to accounts where withdrawals are restricted under contractual agreements.

g. Property and equipment

1) Property and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditures that are directly attributable to the acquisition of the items. Repairs and maintenance are charged to the statement of comprehensive loss during the period in which they are incurred.

2) The assets are depreciated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

	Years
Compute equipment	3-5
Office furniture	5
Lab equipment	7-10
Leasehold improvements*	3-5

*Leasehold improvements are depreciated over the lease period or the expected useful life of the improvements, whichever is shorter.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

h. Intangible assets:

1) Research and development expenses

Research expenses are charged to profit or loss as incurred. An intangible asset arising from development of the Company's products is recognized if all of the following conditions are met:

- It is technically feasible to complete the intangible asset so that it will be available for use;
- Management intends to complete the intangible asset and use it or sell it;
- There is an ability to use or sell the intangible asset;
- It can be demonstrated how the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and costs associated with the intangible asset during development can be measured reliably.

Other development costs that do not meet the above criteria are recognized as expenses as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

As of December 31, 2020, the Company has not capitalized development costs.

2) In process research and development (IPR&D)

IPR&D acquired is presented based on the fair value at the date of the acquisition and tested annually for impairment.

i. Impairment of non-financial assets

Intangible assets that are not subject to amortization are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

For the years ended December 31, 2020 and 2019, no impairment has been recognized.

j. Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

Commencing January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the same amount as of the date in which the leased asset is available for use by the Company. Each payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the future expected lease payments during the lease term.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

The lease term includes extension options (or periods after termination options) if the lease is reasonably certain to be extended (or not terminated). The lease payments during the term of the lease are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.
Payments associated with short-term leases (leases with a lease term of 12 months or less) and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Until 2019, leases were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.
See also note 9.

k. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. The Company operates in one operating segment.

l. Financial instruments

Accounts receivables are classified at amortized cost. This category is subject to an impairment test under the expected credit losses model in accordance with IFRS 9.

m. Warrants

Receipts in respect of warrants are classified as equity to the extent that they confer the right to purchase a fixed number of shares for a fixed exercise price. In the event that the exercise price is not deemed to be fixed, the warrants are classified as a derivative financial liability. This liability is initially recognized at its fair value on the date the contract is entered into and subsequently accounted for at fair value at each reporting date. Gains or losses arising from changes in the fair value of financial liabilities at fair value through profit or loss are presented in the statement of comprehensive loss under "financial income" or "financial expenses". Transaction costs recorded as an expense when they occur.

n. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are included in equity as a deduction from the proceeds.

o. Deferred income tax

Deferred income taxes are recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the temporary differences can be utilized. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

In the absence of expectation of taxable income in the future, no deferred tax assets are recorded in the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

p. Share-based payments

In 2018 and 2013, the Company adopted share-based compensation plans for employees, directors and service providers. As part of the plans, the Company grants employees, directors and service providers, from time to time and at its discretion, options to purchase Company's ordinary shares. The fair value of the employees', directors' and service providers' services received in exchange for the grant of the options is recognized as an expense in the statement of comprehensive loss. The total amount recognized as an expense over the vesting period of the options was determined by reference to the fair value of the options granted at the date of grant. The option's grants for service providers measured at fair value according the services that will be provide.

Service conditions and performance vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognized over the vesting period when the performance condition is probable. The vesting period is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest based on the service conditions and performance conditions. The Company recognizes the impact of the revision to original estimates, if any, in the statement of comprehensive loss, with a corresponding adjustment to "other reserves".

When options are exercised, the Company issues new shares, with proceeds less directly attributable transaction costs recognized as share capital (par value) and additional paid in capital.

q. Revenue recognition:

The Company recognized revenue from the Amgen Agreement which was signed in December 2018 according to IFRS 15, "Revenues from Contracts with Customers”. Prior to the signing of the Amgen Agreement in 2018, the Company did not have revenue transactions.

In determining the appropriate amount of revenue to be recognized as the Company fulfills its obligations under each of its agreements, the Company performs the following steps:

1. Identification of the contract, or contracts, with a customer.
2. Identification of the performance obligations in the contract.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations in the contract.
5. Recognition of revenue.

On December 10, 2018, the Company entered into the Amgen Agreement in inflammatory disease and other serious illnesses. As part of the agreement, the Company received non-refundable and non-creditable initial access payment of $725 thousand from Amgen in January 2019. The Company identified two promises in the agreement: a license to use the Company's proprietary drug delivery platform and pre-clinical research and development services (“pre-clinical R&D services”). The preclinical R&D services include discovery, research and design preclinical activities relating to the programs selected by Amgen.

Each of these promises met the definition of distinct performance obligation. The Company evaluated the standalone selling price of the pre-clinical R&D services at $225 thousand and the right to use the intellectual property at $500 thousand.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

q. Revenue recognition (continued)**:**

The Company determined the license to the intellectual property to be a right to use that has significant standalone functionality separately from the pre-clinical R&D services since the Company is not required to continue to support, develop or maintain the intellectual property transferred and will not undertake any activities to change the standalone functionality of the intellectual property. Therefore, the license to the intellectual property is a distinct performance obligation and as such revenue is recognized at the point in time that control of the license is transferred to Amgen on December 10, 2018.

Revenues attributed to the preclinical R&Ds services are recognized during the period of the pre-clinical R&D services, over time according to the input model method on a cost-to-cost basis.

Under IFRS 15, the consideration that the Company would be entitled to upon the achievement of contractual milestones, which are contingent upon the occurrence of future events of development and commercial progress, are a form of variable consideration. When assessing the portion, if any, of such milestone-related consideration to be included in the transaction price, the Company first assesses the most likely outcome for each milestone and excludes the consideration related to milestones of which the occurrence is not considered the most likely outcome. The Company then evaluates if any of the variable consideration determined in the first step is constrained. Variable consideration is included in the transaction price if, in the Company's judgment, it is highly probable that a significant future reversal of cumulative revenue under the contract will not occur. Estimates of variable consideration and determination of whether to include estimated amounts in the transaction price are based largely on an assessment of the Company's anticipated performance and all information (historical, current and forecasted) that is reasonably available. The Company did not recognize any revenues from any potential milestone payments.

An entity should recognize revenue for a sales-based or usage-based royalty promised in exchange for a license of intellectual property only when (or as) the later of the following events occurs:

a) The subsequent sale or usage occurs; and
b) The performance obligation to which some or all of the sales based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

As royalties are payable based on future commercial sales, as defined in the agreement, which did not occur as of the date of the financial statements, the Company did not recognize any revenues from royalties. See additional information in note 12.

r. Government grants

Government grants, which are received from Israel Innovation Authority (the "IIA") by way of participation in research and development that is conducted by the Company, fall within the scope of "forgivable loans", as set forth in IAS 20 "The Accounting Treatment of Government Grants and Disclosure in respect of Government Assistance". Since at the time of the receipt of the grants there is no reasonable assurance that the grants that have been received will be repaid, at the time of their receipt they are offset against the related research and development expenses in the statement of comprehensive loss. To the extent that it is considered "more likely than not" that the grants will be repaid in the future, the Company would record a financial liability. Other government grants which are not subject to royalties are offset against related research and development expenses in the statements of comprehensive loss.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

s. Loss per ordinary share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares issued and outstanding during the year. In computing diluted loss per share, the basic loss per share is adjusted to take into account the potential dilution that could occur upon the conversion of any dilutive financial instruments by subtracting from net loss the fair value changes of such financial instruments, and by adjusting the weighted average number of outstanding ordinary shares, assuming conversion of all such dilutive potential shares. As of December 31, 2020, and 2019, the Company's dilutive potential shares consisted of options and warrants. Prior to the Company's IPO, the dilutive potential shares consisted of shares issuable upon conversion of convertible loan and preferred shares, warrants and options. Potential shares are only dilutive if their conversion would increase the loss per share. If the loss per share would decrease, the shares are anti-dilutive and are excluded from the diluted loss per share calculation.

t. Recently Issued Accounting Pronouncements

In September 2019, the IASB has issued amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures that provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that InterBank Offered Rate (IBOR) reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. Given the pervasive nature of hedges involving IBOR-based contracts, the reliefs will affect companies in all industries.

These amendments should be applied for annual periods beginning on or after January 1, 2020. Since the Company does not have financial instruments designated under hedge accounting, the amendments will not have an impact on its consolidated financial statements.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of financial liabilities at fair value through profit or loss

To determine the fair value of Company’s financial instruments classified as financial liabilities, the Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period or measurement date as well as using management judgment. In addition, these liabilities are based on estimates that are subject to change based on the facts and circumstances at the times the estimates are made. See note 4.

Revenue recognition

With respect to the Amgen Agreement the Company used its judgement to identify the Company's promises in the agreement and whether the promises are distinct performance obligation. In addition, the Company used its judgement to determine the allocation of the transaction price between its identified distinct performance obligations. The Company also used its significant judgment in order to determine the R&D services period. See note 12.

NOTE 4 - FINANCIAL INSTRUMENTS:

a. Financial risk management:

1) Financial risk factors

The Company's activities expose it to a variety of financial risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is performed by the Chief Financial Officer of the Company, who identifies and evaluates financial risks in close cooperation with the Company's Chief Executive Officer.

The Company does not use financial instruments for hedging activity.

2) Credit risk

Credit and interest risk arise from cash and cash equivalents and deposits with banks. The Company estimates that since the liquid instruments are mainly invested for the short-term and with a highly-rated institution, the credit and interest risk associated with these balances is immaterial.

3) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash.

The Company is in a research stage and has not yet generated significant revenues from its activity. It is therefore exposed to liquidity risk, taking into consideration the forecasts of cash flows required to finance its operations and other activities.

4) Market risk-Foreign exchange risk

The Company might be exposed to foreign exchange risk as a result of making payments to employees or service providers and investment of some liquidity in currencies other than the Company's functional currency. The Company manages the foreign exchange risk by aligning the currencies for holding liquidity with the currencies of expected expenses, based on the expected cash flows of the Company.

b. Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. It should be noted that the Company is in the research and development stage and has not yet generated significant revenues.

c. Fair value of financial instruments

The different levels of valuation of financial instruments are defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 Inputs, other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the dates of the statements of financial position.

NOTE 4 - FINANCIAL INSTRUMENTS (continued):

A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

As of December 31, 2020, and 2019, the fair value of cash and cash equivalents, accounts receivable, other receivables and accounts payable approximates their carrying value.

d. Classification of financial instruments by groups:

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	U.S. dollars in thousands		
As of December 31, 2020:			
Trade and other payable	-	1,494	1,494
Warrants to purchase ordinary shares (Level 1) (1)	239	-	239
Warrants to purchase ordinary shares (Level 3) (2)	1,193	-	1,193
Lease liabilities		432	432
	1,432	1,926	3,358
As of December 31, 2019:			
Trade and other payable	-	1,704	1,704
Warrants to purchase ordinary shares (Level 1) (1)	266	-	266
Warrants to purchase ordinary shares (Level 3) (2)	2,178	-	2,178
Lease liabilities	-	299	299
	2,444	2,003	4,447

(1) Tradable warrants presented above are valuated based on the market price (a Level 1 valuation).
(2) Warrants to purchase ordinary shares issued in December 2019 and February 2020 are valuated based on the Monte-Carlo pricing model (a Level 3 valuation).

NOTE 4 - FINANCIAL INSTRUMENTS (continued):

The main assumptions used are as follows:

	December 31 2020	December 31 2019
Price per share	$ 1.08	$ 1.84-$2.07
Volatility	66%	62%-63%
Expected term	2	3
Risk free interest rate	0.1%-0.13%	1.63%-1.71%
Expected dividend	0%	0%

NOTE 5 - INTANGIBLE ASSETS:

a. On June 1, 2010 D.N.A. Biomedical Solutions Ltd. ("D.N.A.") and Oramed Ltd., ("Oramed") entered into a joint venture agreement, (the "Joint Venture Agreement") for the establishment of Entera Bio Ltd. According to the Joint Venture Agreement each of D.N.A. and Oramed acquired 50% of the Company's ordinary shares. D.N.A invested $600,000 in the Company, and Oramed and the Company entered into a Patent License Agreement pursuant to which Oramed licensed to the Company certain of Oramed's patent (the “IPR&D”). The IPR&D was recorded as an intangible asset based on its fair value.

On February 22, 2011, Oramed and the Company entered into a patent transfer agreement, (the "Patent Transfer Agreement"), that superseded the Patent License Agreement, whereby Oramed assigned to the Company all of its rights, title and interest to its patent that Oramed licensed to the Company in 2010, under certain conditions. Under this agreement, the Company is obligated to pay Oramed royalties equal to 3% of its net revenues (as defined in the Patent Transfer Agreement).

b. The Company tests intangible assets for impairment at least once a year at December 31 by calculating the recoverable amount of the cash generating unit to which the intangible asset belongs, which is the Company as a whole. The recoverable amount is calculated based on a fair value less cost to sell. For the purpose of calculating fair value of the Company's equity as of December 31, 2020 and December 31, 2019, the Company applied the market approach and calculated its enterprise value based on the quoted price per share.

NOTE 6 - CONVERTIBLE LOANS:

As of December 31, 2020, and 2019, there were no convertible loans outstanding. The convertible loans as described below were eventually converted into ordinary shares of the Company upon the closing of the Company's initial public offering in July 2018.

During 2012 through 2016, the Company entered into several convertible loan agreements with certain lenders for the aggregate amount of $12.4 million. Each of the loans bears interest at a rate between 0.6% to 5% per year, which is to be repaid as described in each agreement. The lenders had the right to convert the loan into the Company's ordinary shares upon a specific transaction (Such as, an IPO) as detailed in each loan agreement, as follows:

1. 2012 Convertible Loan in an aggregate amount of $4.1 million. Following the Closing of the IPO (see note 10b below), the Company's outstanding 2012 Convertible loans in the amount of $4.1 million were automatically converted into 622,180 Ordinary Shares of the Company.

2. 2015 Convertible Loan in an aggregate amount of $2.0 million, of which $1.1 million repaid in 2017 (as exchange to 2016 convertible loan) and the remaining $0.9 million have been repaid in 2017 as well. In connection with the 2015 Convertible Loan, the Company issued to the lenders warrants to purchase additional shares equal to 40% of the shares issued upon conversion of the loan.

3. 2016 Convertible Loan in an aggregate amount of approximately $7.4 million. In connection with the 2016 Convertible Loan, the Company issued to the lenders warrants to purchase additional shares equal to 40% of the shares issued upon conversion of the loan. The warrant will be exercisable for 4 years from the grant date. See also note 10b.

As described in note 10b, as part of the Series B preferred share purchase agreement, the 2016 convertible loan together with the accrued interest was converted into 1,719,770 series B-1 preferred shares at a price per share of $5.24. At that time, the 2016 Warrants became warrant to purchase Series B preferred shares at an exercise price of $6.99.

NOTE 7 - PREFERRED SHARES AND WARRANTS TO PREFERED SHARES:

As of December 31, 2020, and 2019, there were no preferred shares outstanding. The preferred shares converted into ordinary shares of the Company upon the closing of the Company's initial public offering in July 2018. See also note 10b.

1. During 2014 through 2018, the Company entered into a Preferred Share Purchase Agreements (the Series A agreements) and its amendments with Centillion and certain shareholders (the "Investors"), the Company issued 10,222 preferred A shares and 2,554 warrants to purchase preferred A shares for an aggregate purchase price of approximately $5 million.

   For accounting of purposes, the preferred shares and warrants to preferred shares were classified as a financial liability and measured at fair value through profit or loss at each balance sheet date up to July 2, 2018.

   On July 2, 2018, following the Closing of the IPO, the Company's 10,222 preferred A shares were automatically converted into 1,328,860 ordinary shares of the Company (after the share split). In addition, the 2,554 (before stock split) warrants to purchase preferred A shares were converted into 332,020 warrants to purchase ordinary shares of the Company. In addition, existing options to purchase Series A preferred shares and warrants to purchase Series A preferred shares, granted to certain holders of our Series A preferred shares that were exercisable upon the closing of the IPO, were automatically converted into options to purchase 387,530 ordinary shares of the Company and into warrants to purchase 85,931 ordinary shares of the Company.

NOTE 7 - PREFERRED SHARES AND WARRANTS TO PREFERED SHARES (continue):

2. In 2017, the Company entered into a Series B preferred share purchase agreement (the "Preferred B Financing"), with certain investors, including D.N.A and Centillion (together, the "Investors"). Pursuant to the terms of the agreement, the Company issued 14,283 Series B preferred shares for an aggregate purchase price of $12.1 million, net of issuance costs. The Company also issued to a broker dealer, a warrant to purchase 526 Series B preferred shares, at a price of $908.78 per share and recorded additional issuance costs of $198 thousand.

   The Preferred B Financing constitutes a Triggering Event as defined in the 2016 Convertible Loan and as a result, the entire loan amount under the 2016 Convertible Loan, together with accrued interest in the amount of $9.0 million, was automatically converted into 13,229 Series B-1 preferred shares at a price per share of $681.585 and the warrants issued became warrants to purchase Series B preferred shares at an exercise price of $908.78. The rights of the Series B-1 preferred shares are identical in all respects (other than the price per share) to the Series B preferred shares.

   On July 2, 2018, following the Closing of the IPO as described in note 10b, the Company series B preferred shares and series B-1 preferred shares were automatically converted into 1,856,790 and 1,719,770, Ordinary Shares of the Company, respectively (after the share split).In addition, warrants to purchase Series B preferred shares and warrants to purchase Series B-1 preferred shares were automatically converted into 756,340 and 467,220 warrants, respectively, to purchase Ordinary Shares of the Company. See also note 10b.

NOTE 8 - COMMITMENTS:

a. Pursuant to the Patent Transfer Agreement with Oramed, the Company is committed to pay royalties to Oramed - see also note 5.

b. The Company is committed to pay royalties to the Government of Israel on proceeds from sales of products in the research and development of which the Government participates by way of grants. At the time the grants were received, successful development of the related project was not assumed. In the case of failure of the project that was partly financed by the Government of Israel, the Company is not obligated to pay any such royalties. Under the terms of the Company's funding from the Israeli Government, royalties are payable on sales of products developed from projects so funded of 3% during the first three years, from commencement of revenues, 4% during the subsequent three years and 5% commencing the seventh year up to 100% of the amount of the grant received by the Company (dollar linked) with the addition of annual interest based on Libor. The amount that must be repaid may be increased to three times the amount of the grant received, and the rate of royalties may be accelerated, if manufacturing of the products developed with the grant money is transferred outside of the State of Israel. As of December 31, 2020, the total royalty amount that would be payable by the Company, before the additional Libor interest and payments as described below, is approximately $460,000.

   Following the signing of the Amgen Agreement (see note 1a(4)), the Israeli Innovation Authority (the "IIA") determined that the Company should pay 5.38% of each payment that will be received by the Company from Amgen on the license of IP up to 6 times the grant received. As of December 31, 2020, the Company paid $54,000 to the IIA. In January 2021, the Company paid an additional $13,000 to the IIA.

c. Emisphere Technologies, Inc., or Emisphere, has notified the Company that it believes that it is the exclusive owner of certain U.S. and related foreign patents and patent applications the Company acquired from Oramed Ltd. Emisphere has not initiated a legal proceeding as of the date of the approval of this financial statement. If Emisphere were to initiate a legal proceeding, the Company would vigorously defend against such claim and believe that Emisphere's notification is without merit.

NOTE 9 - LEASES:

Effective January 1, 2019, the Company adopted IFRS 16. The Company has not restated prior reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on January 1, 2019.

On initial application, the company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate of the lessee applied to the lease liabilities on January 1, 2019 was 16%. The Company has elected to record right-of-use assets based on the corresponding lease liability.

In applying IFRS 16 for the first time, the Company had used the following practical expedients permitted by the standard:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- Exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- Use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4, "Determining whether an Arrangement contains a Lease.

Office lease agreement

The Company leases office and research and development space under several agreements. The annual lease consideration is a total of $164 thousand. The lease agreement will expire on June 30, 2023, with a one-time option for early termination by the Company on December 31, 2021, subject to a notice period of six months. These agreements are considered as operating leases and presented under operating lease right-of-use assets.

Starting December 31, 2020, the lease asset and liability excludes the option to terminate the lease period on December 31, 2021.

As of December 31, 2020, the Company provided bank guarantees of approximately $25,000, in the aggregate, to secure the fulfillment of its obligations under the lease agreements.

The Following table is the composition of right-of-use assets by type:

	As of December 31, 2020	As of December 31, 2019	As of January 1, 2019
Facility	306	253	151
Vehicles	50	7	15
Total right-of-use asset	356	260	166

NOTE 9 - LEASES (continued)**:**

The following table summarize the contractual obligations:

	Payments due by period		
	Total	Less than 1 year	1 - 3 years
		(In thousands)	
Operating leases for facility and vehicles as of December 31, 2019	$ 346	$ 177	$ 169
Operating leases for facility and vehicles as of December 31, 2020	$ 510	$ 205	$ 305

	Year ended December 31,	
	2020	2019
Depreciation expense:		
Facility	137	121
Vehicles	7	9
Financial expense	33	55
Cash paid for amounts included in the measurement of lease liabilities	179	169
Right of use assets obtained in exchange for expanded period of operating lease liabilities	258	224

NOTE 10 - SHARE CAPITAL:

a. The share capital composed of ordinary shares of NIS 0.0000769 par value, as follows:

	Number of ordinary shares	
	December 31	
	2020	2019
Authorized	140,010,000	140,010,000
Issued	21,057,922	17,864,684

The ordinary shares confer upon their holders the following rights: (i) the right to vote in any general meeting of the Company, (ii) the right to receive dividends, if and when declared by the Board of Directors and (iii) the right to receive upon liquidation of the Company a sum equal to the nominal value of the share, and if a surplus remains, to receive such surplus, subject to the rights conferred on any class of shares which may be issued in the future.

NOTE 10 - SHARE CAPITAL (continued)**:**

b. Initial Public Offering ("IPO")

On July 02, 2018 the Company completed the IPO and offered 1,400,000 ordinary shares and 1,400,000 warrants (the "IPO warrants") to purchase up to 700,000 ordinary shares for a gross consideration of $11.2 million before issuance costs ($9.6 million net of issuance costs in cash which included $0.9 million underwriters' fees and an additional approximately $0.7 million of other issuance costs). The ordinary shares and the IPO warrants sold in units (each a "unit"), with each unit consisting of one ordinary share and one tradable warrant to purchase 0.5 of an ordinary shares. The public offering price was $8.0 per unit.

The ordinary shares and warrants were immediately separable and started to trade separately upon completion of the Company's IPO in July 2018.
In Connection with the IPO certain actions were completed, including:

1) A 1-for- 130 split of the Company's ordinary shares. Following the split, the Company retrospectively reflected the change in the share capital of the Company for all periods presented. Unless otherwise indicated, all of the ordinary share numbers, losses per ordinary share, share prices, options and warrants in these financial statements have been adjusted, on a retroactive basis, to reflect this 1-for- 130 split.

2) The Company's outstanding 2012 Convertible loans were automatically converted into 622,180 Ordinary Shares of the Company.

3) The Company's series A preferred shares, series B preferred shares and series B-1 preferred shares were automatically converted into 1,328,860, 1,856,790 and 1,719,770, Ordinary Shares of the Company, respectively.

4) The Company's warrants to purchase series A preferred shares, warrants to purchase Series B preferred shares and warrants to purchase Series B-1 preferred shares were automatically converted into 332,020, 756,340 and 467,220 warrants, respectively, to purchase ordinary shares of the Company.

5) Existing options to purchase Series A preferred shares and warrants to purchase Series A preferred shares, granted to certain holders of our Series A preferred shares that were exercisable upon the closing of the IPO, were automatically converted into options to purchase 387,530 Ordinary Shares of the Company and into warrants to purchase 96,980 Ordinary Shares of the Company.

On July 26, 2018, the Company's underwriters exercised their overallotment option to purchase 210,000 warrants to purchase 105,000 Ordinary Shares of the Company for a total consideration of $2,100. The fair value of the warrants on the issuance date was $172,000. The Company recorded the fair value as issuance costs.

The Company also issued to the underwriters 10,000 ordinary shares following the closing of the IPO, as well as 70,000 underwriter warrants at an exercise price of $8.80 to purchase 70,000 ordinary shares. The underwriter warrants may be exercised on a cashless basis under certain circumstances as described in the warrant agreement. The underwriter warrants will be exercisable 180 days following June 29, 2018 until the fifth anniversary of such effective date. The underwriter warrants are not redeemable by the company and have some registration rights as described in the warrant. The underwriter warrants will provide for adjustment of the exercise price of such warrants (and the ordinary shares underlying such warrants) for dilutive events such as a stock dividend or stock split and for recapitalizations, mergers and other fundamental transactions.

The shares and warrants issued to the underwriters were recorded as an issuance cost based on fair value of $66,500 and $255,000 respectively.

NOTE 10 - SHARE CAPITAL (continued)**:**

b. IPO (continued):

The Company allocated the total consideration from the issuance of the units between the ordinary shares and the tradable warrants as follows: the IPO warrants were recorded at fair value based on the quoted price on Nasdaq as of July 2,2018 and the residual amount was allocated to the ordinary shares.

Issuance costs were allocated to the ordinary shares and the IPO warrants according to their fair values. Issuance costs which were allocated to the ordinary shares were deducted from shareholders' equity, and issuance costs that were allocated to the IPO warrants were expensed immediately.

IPO warrants

As described above, the Company issued 1,400,000 IPO warrants to purchase 700,000 ordinary shares of the Company. The IPO warrants are exercisable immediately at an initial exercise price of $8.4 per ordinary share for a period of five years, unless earlier repurchased by the Company under "Fundamental Transactions" as described in the warrant agreement or early expired as described below and in the warrant agreement.

The exercise of the warrants is in cash, unless the warrant holder is utilizing the "cashless" exercise provision of the warrants, prior to the termination date under certain circumstances as described in the warrant agreement. On the termination date, any warrants not previously exercised, repurchased by the Company or subject to early expiration will terminate and expire worthless.

The exercise price and number of shares issuable upon exercise of each warrant are subject to standard adjustments. The exercise price is subject to reduction if, within two years of the date of original issuance of the warrants, the Company sells or grants any warrant or option (except in certain circumstances as described in the warrant) at an effective price per share less than $8.0 per share (as adjusted in proportion with any adjustments made from time to time), which reduction will be based on a weighted average, as described in the warrant.

The Company may accelerate the expiration date of the warrants upon written notice to the holders at any time if the last reported sale price (as defined in the warrants) exceeds $24.00 per share, which is 300% of the IPO price per unit (subject to adjustments) for a 10 consecutive trading day period. As described in note c, the Company completed financing round in a price per share lower than the $8.0, therefore, the adjusted exercise price is $5.85.

For accounting purposes, the IPO warrants issued to the public were classified as a financial liability since their exercise price and number of shares issuable upon exercise of each warrant are subject to certain adjustments as described in the warrant agreement and also due to the cashless exercise option. The fair value of the IPO warrants as of the IPO closing date and as of December 31, 2020 was based on quoted price on Nasdaq (Level 1 valuation) as of the respective date.

c. In July 2019, one of the Company' shareholders' exercised his option to acquire 32,500 ordinary shares and additional 8,190 warrants for a total consideration of $100,000 (upon achievement of the second milestone) in accordance with the preferred share A purchase agreement signed in 2014 and its amendments.

d. On July 20, 2019, the 443,950 warrants and certain additional options to purchase 443,950 ordinary shares for a purchase price of $3.69 per share (upon achievement of the second milestone) in accordance with the abovementioned preferred share A purchase agreement and its amendments expired. Following the expiration, the Company classified $1.4 million from Other Reserves to Additional paid in Capital.

NOTE 10 - SHARE CAPITAL (continued)**:**

e. On October 4, 2019 the 467,220 warrants to purchase ordinary shares at a purchase price of $5.24, in accordance with the "2016 Convertible Loan" (Series B-1 preferred shares) expired. Following the expiration, the Company classified $1.2 million from Other Reserves to Additional paid in Capital.

f. On December 11, 2019 and December 18, 2019 ("the first and second closing"), the Company entered into subscription agreements with a selected group of accredited investors, including certain board members and their affiliates for the private placement of 5,710,153 ordinary shares for aggregate subscription proceeds to the Company of $13.5 million at $2.37 price per share. In addition, the Company granted 2,855,095 warrants, exercisable over a three-years period from the date of issuance, to purchase 2,855,095 ordinary shares at a per share exercise price of $2.96.

In addition, on December 13, 2019, D.N.A Biomedical Solutions Ltd. ("DNA"), an existing shareholder of the Company, subscribed to the Private Placement (the "DNA Private Placement") to purchase 337,553 ordinary shares for aggregate consideration of $800,000. In connection with the transaction, the Company granted DNA warrants, exercisable over a three-year period from the date of issuance, to purchase 168,776 ordinary shares at a per share exercise price of $2.96. This investment was approved by the shareholders of the Company on February 18, 2020.

The 168,776 warrants issued in connection with the DNA Private Placement together with the 2,855,095 warrants issued in connection with the Private Placement are the "Investors Warrants"

In connection therewith, the Company entered into Placement Agency agreement with GP Numenkari Inc., a broker-dealer ("the Broker"). Based on the agreement, the Broker was entitled to the following consideration:

1. A cash fees equal to 10% of the total proceeds paid by subscribers invested through the Broker.

2. Three-years warrants to purchase ordinary shares in the amount equal to 10% of the number of shares issued to subscribers invested through the Broker at a per share exercise price of $2.37 ("Broker Warrants Type 1").

3. Three-years warrants to purchase ordinary share in the amount equal to 5% of number of shares issued to subscribers invested through the Broker at a per share exercise price of $2.96 ("Broker Warrants Type 2"), together with the Broker Warrants Type 1 (the "Broker Warrants").

Following the first and second closing of the offering, the Company issued 184,515 Broker Warrants type 1 and 92,257 Broker Warrants type 2.

Prior to the exercise of the Investor Warrants and the Broker Warrants and for one year from the date of the first closing, the number of ordinary shares issuable upon their exercise and the exercise price are subject to customary adjustments, including in the events of reorganizations or reclassifications of the Company's capital stock, upon payment of dividends or distributions to the Company's shareholders, and upon subsequent issuance of the Company's share capital at or below a price of $2.37. In addition, these warrants agreements have cashless exercise option. Therefore, for accounting purposes, the Investors Warrants issued were classified as a financial liability. As described in note 10i, the Company issued Ordinary Shares through the Company's ATM Program at an average price per share lower than $2.37, and the adjusted exercise price was reset to $1.05.

NOTE 10 - SHARE CAPITAL (continued)**:**

The Company had transaction costs of approximately $1.2 million, out of which $205 thousand are stock-based compensation expenses due to issuance of Broker Warrants type 1 and Broker Warrants type 2.

The Company allocated the total consideration from the issuance of the units between the ordinary shares and the warrants as following: the Investors Warrants were recorded at fair value based on its fair value as of the issuance date and the residual amount was allocated to the ordinary shares.

Issuance costs were allocated to the ordinary shares and the tradable warrants according to their fair values. Issuance costs which were allocated to the ordinary shares were deducted from shareholders' equity, and issuance costs that were allocated to the Investors warrants were expensed immediately.

As part of the subscription agreements, the Company also entered into a Registration Rights Agreement (together with the Warrants and the Subscription Agreement), pursuant to which within seven months of the final closing, the Company shall file a registration statement on Form F-3 with the SEC for the resale of the Shares issued in the first and second closing (including those issued upon exercise of the Warrants). Under the agreement, the Company is required to pay the purchasers liquidated damages in the event that the Company does not meet the foregoing requirement in an amount equal to 1% per month of the aggregate purchase price paid in cash by such purchasers for their investment in the Company. In June 2020, the Company filed the selling registration statement on Form F-3 with the SEC.

g. On June 13, 2020, 687,960 warrants to purchase 687,960 ordinary shares for a purchase price of $6.99 per share in accordance with the Series B preferred share purchase agreement signed in 2016 and its following amendments expired. Following the expiration, the Company classified $1.5 million from Other Reserves to Additional paid in Capital.

h. In July 2020, 340,210 warrants to purchase 340,210 ordinary shares for a purchase price of $3.69 per share in accordance with the Series A preferred share purchase agreement expired. Following the expiration, the Company classified $1.2 million from Other Reserves to Additional paid in Capital.

i. On July 4, 2020, the Company established a primary registration statement under form F-3 and at-the-market equity program (the "ATM Program") that allows the Company to issue up to $13.9 million of ordinary shares, at the Company's discretion. Distributions of the ordinary shares through the ATM Program were made pursuant to the terms of an equity distribution agreement dated July 13, 2020 among the Company and Canaccord Genuity LLC (the "Agent").

As of December 31, 2020, the Company issued 2,802,731 ordinary shares for gross proceeds of $3.5 million at a weighted average price of $1.27 per ordinary share through the Company’s ATM Program. The net consideration from ATM Program was $3.2 million. These transactions triggered adjustment to the exercise price of the warrant issued as part of the Private Placement held in December 2019 and February 2020. See note 10f.

NOTE 10 - SHARE CAPITAL (continued)**:**

j. Share based compensation:

1) Share based compensation plan

On March 17, 2013, the Company's Board of Directors approved a Share Incentive Plan (the “2013 Plan”). Under the 2013 Plan, the Company shall reserve sufficient number of ordinary shares, NIS 0.000769 par value, of the Company for allocation of stock options, restricted share units, restricted share awards and performance-based awards (the "Option"), to employees and non-employees. Each Option is exercisable for one ordinary share.

Any option granted under the 2013 Plan that is not exercised within six years from the date upon which it becomes exercisable will expire.

On July 2, 2018, the Company's board of directors and shareholders of the Company approved a new Share Incentive Plan (the “2018 Plan”) and reserved 1,371,398 ordinary shares of the Company for allocation of stock options, restricted share units, restricted share awards and performance-based awards (the "Option"), to employees and non-employees for issuance under the 2018 Plan. Each Option is exercisable for one ordinary share NIS 0.0000769 par value.

Any option granted under 2018 Plan that is not exercised within 10 years from the date upon which it becomes exercisable will expire.

The options granted to employees are subject to the terms stipulated by section 102(b)(2) of the Israeli Income Tax Ordinance (the “Ordinance”). According to these provisions, the Company will not be allowed to claim as an expense for tax purposes the amounts credited to the employees as a capital gain benefit in respect of the options granted.

Options granted to related parties or non-employees of the Company are governed by Section 3(i) of the Ordinance or NSO. The Company will be allowed to claim as an expense for tax purposes in the year in which the related parties or non-employees exercised the options into shares.

As of December 31, 2020, 1,263,454 ordinary shares remain available for future grants under the Plan.

On January 4, 2021 the Company’s Board of Directors approved an increase of 1,052,896 ordinary shares that may be issued under the Company’s Plan.

NOTE 10 - SHARE CAPITAL (continued)**:**

2) share-based compensation grants to employees and directors:

a) On January 17, 2019, the Company granted options to purchase 124,000 ordinary shares to certain employees, with an exercise price of $3.97. The options vest over 4 years from the date of grant; 25% will vest on the first anniversary of the date of grant and the remaining 75% options shall vest in twelve equal quarterly installments following the first anniversary of the grant date. The fair value of the options at the date of grant was $341,000.

b) On January 17, 2019, the Company's Board of Directors approved to grant options to purchase 25,000 ordinary shares to the CMO, with an exercise price of $3.97. From the total options, 25% will vest on March 1, 2019 and the remaining 75% options shall vest in twelve equal quarterly installments over the next three years starting January 17, 2019. The grant was subject to the approval by the shareholders of the Company and was subsequently approved in May 2019. The fair value of the options at the date of grant was $68,000.

c) On January 17, 2019, the Company's Board of Directors approved to grant options to purchase 201,828 ordinary shares to non-executive directors of the Company, with an exercise price of $3.97. The options will vest over 3 years in twelve equal quarterly instalments starting in the vesting commencement date (as described in each agreement). The grant was subject to the approval by the shareholders of the Company and was subsequently approved in May 2019. The fair value of the options at the date of grant was $531,000.

d) On August 5, 2019, the Company’s Board of Directors approved to grant options to purchase 696,587 ordinary shares to the former CEO, with an exercise price of $2.75 per share. The options vest over 4 years from the date of grant. 25% will vest on the first anniversary of the date of grant and the remaining 75% options shall vest in twelve equal quarterly installments following the first anniversary of the grant date. The grant was subject to the approval by the shareholders of the Company and was subsequently approved in October 2019. The fair value of the options at the date of grant was $1.1 million. Effective September 7, 2020, upon the termination of the former CEO employment agreement, 522,440 of these options which have yet to fully vest are forfeited and were recognized as a reverse of expense under the General and Administrative line item in the amount of $314 thousand. In December 2020, the remaining of options were expired.

e) On November 18, 2019, the Company’s Board of Directors approved the following option grants:

i. Options grant to purchase 30,385 ordinary shares to the new US-based CFO, with an exercise price of $2.53 per share. The options will vest over two years in equal monthly installments following the grant date. The grant was subject to the approval by the shareholders of the Company and was subsequently approved in February 2020. The fair value of the options at the shareholders’ approval date was $59,797.

ii. Options grant to purchase 33,638 ordinary shares t0 non-executive director of the Company, with an exercise price of $2.53. The options will vest over 3 years in twelve equal quarterly instalments starting on the vesting commencement date (as described in the agreement). The grant was subject to the approval by the shareholders of the Company and was subsequently approved in February 2020. The fair value of the options at the shareholders’ approval date was $68,856.

NOTE 10 - SHARE CAPITAL (continued)**:**

f) On March 16, 2020, options to purchase 201,600 ordinary shares to certain employees and 7,500 options granted to a service provider, with an exercise price of $2.14 per share. The options vest over 4 years from the date of grant; 25% vest on the first anniversary of the date of grant and the remaining 75% vest in twelve equal quarterly installments following the first anniversary of the applicable grant date. The fair value of the options at the date of grant was $274,000.

g) On March 16, 2020, options to purchase 250,000 ordinary shares granted to certain executive officers of the Company, with an exercise price of $2.14. The options vest over 4 years from the date of grant; 25% vest on the first anniversary of the date of grant and the remaining 75% vest in twelve equal quarterly installments following the first anniversary of the applicable grant date. The fair value of the options at the date of grant was $316,000.

h) On April 20, 2020 options to purchase 31,502 ordinary shares granted to the former CEO with an exercise price of $1.98 per share. The options vest over 4 years from the date of grant; 25% vest on the first anniversary of the date of grant and the remaining 75% vest in twelve equal quarterly installments following the first anniversary of the applicable grant date. The fair value of the options at the date of grant was $37,000. Effective September 7, 2020, due to termination of the employment agreement with the former CEO, these options are forfeited and recognized as a reverse of expense under the General and Administrative line item in the amount of $4,000.

3) Share-based compensation to service provider:

a) In November 2019, the Board of Directors approved an option grant to a services provider in accordance with business development and advisory services agreement from August 2019. Under the terms of the agreement, the Company agreed to grant options to purchase the Company's ordinary shares in an amount equal to $90,000 as of the date of grant, or 65,693 ordinary shares at an exercise price of $3.10. The options will vest over six months in equal monthly instalments starting in August 2019. See also Note 16d.

b) In April 2020, the Company entered into an investor relations services agreement. Under the terms of the agreement, the Company agreed to pay a monthly fee of $5,000 and to issue the consultant 28,000 Restricted Share Units ("RSU"), of which the first 7,000 shares vested on the signing date and the remaining 21,000 shares will vest in three equal installments until January 8, 2021. As of December 31, 2020, 21,000 shares were fully vested. The fair value of the RSU was $53,200 using the fair value of the shares at the grant date, of which $52,766 were recognized as an expense during the year ended December 31, 2020.

c) In November 2020, the Company entered into an amendment to business development services agreement with the business development consultant. Under the terms of the agreement, the Company agreed to pay a monthly fee of $5,000 and to issue the consultant 79,760 options with an exercise price of $1.06 per share. The options vests over 6 months in six equal installments from October 1, 2020. The fair value of the options at the date of grant was $35,094.

NOTE 10 - SHARE CAPITAL (continued)**:**

4) The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model, with the following weighted average assumptions:

	2020	2019	2018
Exercise price	$ 1.06-$2.14	$ 3.12	$ 6.31
Dividend yield	-	-	-
Expected volatility	66.35%-71%	71%	68%
Risk-free interest rate	0.16%-0.58%	1.86%	2.23%
Expected life - in years	2.75-6.1	9.37	4.07

The fair value of each option with a par value exercise price is based on the fair value of ordinary share at the date of grant. The ordinary share price is derived from the value of equity and is based on market value, or prior to the IPO based on the valuation performed. The expected volatility is based on comparable companies. The risk-free interest rate is determined based on rates of return on maturity of unlinked treasury bonds with a time to maturity that equals the average life of the options.

5) Changes in the number of options and weighted average exercise prices are as follows:

	Year ended December 31,					
	2020		2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding at beginning of year	2,847,600	$ 4.74	2,438,410	$ 4.36	3,044,990	$ 4.59
Expired	(226,106)	2.68	(91,000)	6.31	-	-
Forfeited	(589,793)	2.7	(14,690)	4.44	(718,120)	5.73
Exercised (*)	(31,954)	2.11	(662,251)	0.21	(31,460)	-
Granted	570,362	$ 1.98	1,177,131	$ 3.12	143,000	$ 5.35
Outstanding at end of year	2,570,109	$ 4.85	2,847,600	$ 4.74	2,438,410	$ 4.36
Exercisable at end of year	1,791,687	$ 5.49	1,525,618	$ 5.62	1,837,160	$ 1.67

(*) The total intrinsic value of options exercised during the year ended December 31, 2020 was approximately $22,048.

NOTE 10 - SHARE CAPITAL (continued)**:**

6) The following is information about the exercise price and remaining contractual life of outstanding options at year-end:

December 31, 2020			December 31, 2019		
Number of options outstanding at end of year	**Exercise price**	**Weighted average of remaining contractual life**	**Number of options outstanding at end of year**	**Exercise price**	**Weighted average of remaining contractual life**
4,680	*	1.78	4,680	*	2.79
79,760	$ 1.06	4.85	-	-	-
-	-	-	11,050	$ 1.85	1.22
-	-	-	65,000	$ 2.11	0.05
431,800	$ 2.14	9.26	-	-	-
64,023	$ 2.53	8.89	64,023	$ 2.53	9.89
-	-	-	696,587	$ 2.75	9.60
65,693	$ 3.10	3.89	65,693	$ 3.10	4.89
198,120	$ 3.69	1.36	203,970	$ 3.69	2.36
332,953	$ 3.97	7.91	340,828	$ 3.97	9.05
1,245,790	$ 6.31	5.07	1,248,479	$ 6.31	5.85
147,290	$ 7.54	2.26	147,290	$ 7.54	3.26

***** Par value

7) The remaining unrecognized compensation expense as of December 31, 2020 is $0.5 million and will be expensed in full at April 2024.

8) Exercise of options

1. During 2019, current and former executive officers exercised 662,251 options into 662,251 ordinary shares for a total consideration of $138,000.

2. In January 2020, a consultant exercised 31,954 options into 31,954 ordinary shares for a total consideration of $68,000.

NOTE 11 - TAXES ON INCOME:

a. Entera Bio Ltd.

The Company is taxed according to Israeli tax laws:

1) Measurement of results for tax purposes

The Company measures its results for tax purposes in nominal terms in NIS based on financial reporting under Israeli accounting principles, while (as detailed in note 2) the functional currency of the Company is the U.S. dollar and the Company's financial statements are measured in U.S. dollars and in accordance with IFRS. Therefore, there are differences between the Company's taxable income (loss) and income (loss) reflected in these financial statements.

2) Tax rates

The income of the Company is subject to the Israel corporate tax rates of 23%.

Capital gains are subject to capital gain tax according to the corporate tax rate for the year during which the assets are sold.

b. Entera Bio Inc.

Entera Bio Inc. is taxed according to U.S. tax laws. The Company's income is taxed in the United States at the rate of 28%.

Taxes on income included in the consolidated statements of comprehensive loss represent current taxes due to taxable income of the Company's subsidiary.

c. Losses for tax purposes carried forward to future years

Entera Bio Ltd.

The balance of carryforward losses as of December 31, 2020 and 2019 are approximately $43 million and $30 million, respectively.

Under Israeli tax law, tax loss carry forward have no expiration date.

Deferred tax assets on losses for tax purposes carried forward to subsequent years are recognized if utilization of the related tax benefit against a future taxable income is expected. The Company has not created deferred tax assets based on its carry forward losses and other temporary assets since their utilization is not expected in the foreseeable future.

d. Reconciliation of the theoretical tax expense to actual tax expense

The main reconciling item between the statutory tax rate of the Company and the effective rate is unrecognized tax benefits from carry forward tax losses due to the uncertainty of the realization of such tax benefits (see above).

e. Tax assessments

In accordance with the Income Tax Ordinance, as of December 31, 2020, all of the Company's tax assessments through tax year 2015 are considered final.

NOTE 12 - REVENUE FROM COLLABORATION AND LICENSE AGREEMENT

On December 10, 2018, the Company entered into a research collaboration and license agreement (the "Amgen Agreement") with Amgen Inc. ("Amgen") in inflammatory disease and other serious illnesses. Pursuant to the Amgen Agreement, the Company and Amgen will use the Company's proprietary drug delivery platform to develop oral formulations for one preclinical large molecule program that Amgen has selected. Amgen also has options to select up to two additional programs to include in the collaboration. Amgen is responsible for the clinical development, regulatory approval, manufacturing and worldwide commercialization of the programs.

The Company granted Amgen an exclusive, worldwide, sublicensable license under certain of its intellectual property relating to its drug delivery technology to develop, manufacture and commercialize the applicable products. The Company will retain all intellectual property rights to its drug delivery technology, and Amgen will retain all rights to its large molecules and any subsequent improvements, and ownership of certain intellectual property developed through the performance of the collaboration is to be determined by U.S. patent law.

Pursuant to the terms of the Amgen Agreement, Amgen is required to make aggregate payments of up to $270 million upon achievement of various clinical and commercial milestones or its exercise of options to select additional two programs to include in the collaboration, as well as tiered royalty payments ranging from the low to mid-single digits based on the level of Amgen's net sales of the applicable products. Amgen is required to pay for the initial program $450 thousand for the second year of preclinical R&D services to be provided by the Company and must reimburse the Company for further expenses as shall be agreed between the parties. Preclinical R&D services includes time spent by the Company's employees performing the Company's activities under the work plan of collaboration program

Amgen's obligation to pay royalties with respect to a product in a particular country commences upon the first commercial sale of such product in such country and expires on a country-by-country and product-by-product basis on the later of (a) the date on which the sale of the product is no longer covered by a valid claim of a patent licensed to Amgen under the Amgen Agreement, and (b) the tenth anniversary of the first commercial sale of such product in such country.

The term of the Amgen Agreement commenced on December 10, 2018, and unless earlier terminated, shall continue in full force and effect, on a product-by-product basis, until expiration of the last-to-expire royalty term with respect to such product.

In January 2019, as required by the Amgen Agreement, Amgen paid the Company a non-refundable and non-creditable initial technology access fee of $725 thousand. The Company evaluated the selling price of the preclinical R&D services at $225 thousand and the right to use the intellectual property ("License fees") at $500 thousand. In December 2018, the Company recognized $500 thousand in revenues for the right to use the intellectual property.

Revenues attributed to the preclinical R&D services are recognized during the period of the pre-clinical R&D services according to the input model method on a cost-to-cost basis. In January 2020 and 2021, the Company received the first and second installments of the second year pre-clinical R&D services in the amount of $450 thousands.

During 2020 and 2019, the Company recorded revenues of $365 thousand and $236 thousand related to services provided under the Amgen Agreement.

In addition, as of December 31, 2020 and 2019 the Company recorded a contract liability of $143 thousand and $267 thousand, respectively.

NOTE 13 - SUPPLEMENTARY FINANCIAL INFORMATION:

	December 31,	
	2020	2019
	U.S. dollars in thousands	
a. Other current assets:		
Prepaid expenses	98	39
Restricted deposits	70	37
Other	93	97
	261	173

	December 31,	
	2020	2019
	U.S. dollars in thousands	
b. Accounts payable - other:		
Employees and employees related	144	345
Provision for vacation	263	231
Accrued expenses and other	923	794
	1,330	1,370

NOTE 14 - BASIC AND DILUTED LOSS PER SHARE:

Basic

Basic loss per share is calculated by dividing the result attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted

Warrants to issue ordinary shares and all options, have been excluded from the calculation of the diluted loss per share for the year ended December 31, 2020 since their effect was anti-dilutive. The total number of shares related to the outstanding warrants to issue ordinary shares and options excluded from the calculation of diluted loss per share was 7,072,384 for the year ended December 31, 2020.

Warrants to issue ordinary shares and all options, have been excluded from the calculation of the diluted loss per share for the year ended December 31, 2019 since their effect was anti-dilutive. The total number of shares related to the outstanding warrants to issue ordinary shares and options excluded from the calculation of diluted loss per share was 4,849,855 for the year ended December 31, 2019.

The 2012 Convertible Loan, preferred shares, warrants to issue preferred shares A, warrants to issue preferred shares B up to the closing of the IPO and warrants to issue ordinary shares and all options, have been excluded from the calculation of the diluted loss per share for the year ended December 31, 2018 since their effect was anti-dilutive. The total number of shares related to the outstanding options, the 2012 Convertible Loan, preferred shares, warrants to issue preferred shares A, warrants to issue preferred shares B and warrants to issue ordinary shares and excluded from the calculation of diluted loss per share was 10,596,130 for the year ended December 31, 2018.

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousand (except for share numbers)		
Loss attributable to equity holders of the Company	9,983	10,795	10,304
Income from change in fair value of financial liabilities at fair value	155	-	135
Loss used for the computation of diluted loss per share	10,138	10,795	10,439
Weighted average number of ordinary shares used in the computation of basic loss per share	18,417,093	12,146,729	7,955,447
Add:			
Weighted average number of additional shares issuable upon the assumed conversion/exercise of preferred shares and warrants to issue preferred shares and shares	146,582	-	27,955
Weighted average number of ordinary shares used in the computation of diluted loss per share	18,563,675	12,146,729	7,983,402
Basic loss per ordinary share	0.54	0.89	1.30
Diluted loss per ordinary share	0.55	0.89	1.31

NOTE 15 - RELATED PARTIES - TRANSACTIONS AND BALANCES:

a. Transactions with related parties:

1) Key management personnel include members of the Board of Directors, the Chief Executive Officer, President of R&D, Chief Operating Officer, Chief Medical Officer, and Chief Financial Officer.

2) The Company granted stock options to certain key management personnel and directors, see note 10j.

3) Key management compensation:

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Labor cost and related expenses	2,065	1,537	1,180
Share-based compensation	599	1,146	868
Directors fee and services	472	415	429
Others	32	23	30
	3,168	3,121	2,507

b. Balances with related parties:

	December 31,	
	2020	2019
	U.S. dollars in thousands	
Key management:		
Payables and accrued expenses	87	244
Severance pay obligations	81	70
Provision for vacation	201	194
Directors fee and services	105	106

NOTE 16 - SUBSEQUENT EVENTS

a. On January 4, 2021 options to purchase 1,314,218 ordinary shares were granted to the Chief Executive officer of the Company, with an exercise price of $1.24. The options vest over 4 years from the date of grant; 25% vest on the first anniversary of the date of grant and the remaining 75% of the option will vest in twelve equal quarterly installments following the first anniversary of the grant date. The grant was subject to the approval by the shareholders of the Company and was subsequently approved in March 2021.

b. In February and March 2021, the Company issued additional 2,546,265 ordinary shares for net proceeds of $9.8 million at a weighted average price of $3.99 per ordinary share through the Company's ATM Program. See also as described in note 10i.

c. In February 2021, one of the Investor Warrant's holders exercised 142,406 warrant into 56,075 ordinary shares through cashless exercise mechanism.

d. In March 2021, a service provider exercised 65,693 options into 65,693 ordinary shares of the Company for a total consideration of $204 thousand at an exercise price of $3.10. See also as described in note 10j.

Exhibit 1.1

ARTICLES OF ASSOCIATION

OF

ENTERA BIO LTD.

A COMPANY LIMITED BY SHARES

UNDER THE COMPANIES LAW, 5759–1999

1. **INTERPRETATION**

1.1. In these Articles, unless the context requires otherwise, the following capitalized terms shall have the meanings set opposite them:

"**Alternate Nominee**" has the meaning set out in Article 17.7;

"**Alternate Director**" has the meaning set out in Article 17.12;

"**Articles**" means these Articles of Association, as may be amended from time to time;

"**Board**" means all of the directors of the Company holding office pursuant to these Articles, including Alternate Directors, substitutes or proxies;

"**Business Day**" means any day other than a Saturday, Sunday and any day in which banks in Israel are closed or in which the NASDAQ Stock Market is closed.

"**Chairman of the Board**" has the meaning set out in in Article 18.4;

"**Companies Law**" means the Israeli Companies Law, 5759-1999, as amended from time to time, including the regulations promulgated thereunder, or any other law which may come in its stead, including all amendments made thereto;

"**Company**" means Entera Bio Ltd.;

"**Compensation Committee**" has the meaning set out in the Companies Law;

"**Derivative Transaction**" has the meaning set out in Article 14.7;

"**Effective Time**" means the closing of the initial underwritten public offering of the Company's ordinary shares, at which time these Articles shall first become effective;

"**External Director**" has the meaning set out in the Companies Law;

"**General Meeting**" means either an annual or an extraordinary meeting of the shareholders;

"**Incapacitated Person**" as such term is used in the Israeli Legal Capacity and Guardianship Law, 5722-1962, as amended from time to time, and includes a minor who has not yet attained the age of 18 years, a person of unsound mind and a bankrupt person in respect of whom no rehabilitation has been granted;

"**Israeli Securities Law**" means the Israeli Securities Law, 5728-1968, as amended from time to time, including the regulations promulgated thereunder, or any other law which may come in its stead, including all amendments made thereto;

"**Nominees**" has the meaning set out in Article 17.7;

"**Office**" means the registered office of the Company at that time;

"**Office Holder**" has the meaning set out in the Companies Law;

"**Proposal Request**" has the meaning set out in Article 14.5;

"**Proposing Shareholder**" has the meaning set out in Article 14.5;

"**Register**" means the register of shareholders administered in accordance with the Companies Law;

"**Rights**" has the meaning set out in Article 26.8;

"**Special Fund**" has the meaning set out in Article 26.8;

"**U.S. Rules**" means the applicable rules of the NASDAQ Stock Market and U.S. securities laws, rules and regulations, as amended from time to time; and

1.2. Reference to "writing", "written" or similar expressions in these Articles means handwriting, typewriting, photography, telex, email or any other legible form of writing. Reference to a "person" or "persons" shall also include corporations, companies, cooperative societies, partnerships, trusts of any kind or any other body of persons, whether incorporated or otherwise.

1.3. Subject to the provisions of this Article 1 and unless the context necessitates another meaning, terms and expressions in these Articles which have been defined in the Companies Law shall have the meanings ascribed to them therein.

1.4 Words in the singular shall also include the plural, and vice versa. Words in the masculine shall include the feminine and vice versa.

1.5. The captions to articles in these Articles are intended for the convenience of the reader only, and no use shall be made thereof in the interpretation of these Articles.

2. **LIMITED LIABILITY**

The Company is a limited liability company and therefore each shareholder's liability for the Company's obligations shall be limited to the payment of the nominal value of the shares held by such shareholder, subject to the provisions of the Companies Law.

3. **OBJECTIVES**

The Company's objectives are to engage in any lawful activity. The Company may donate a reasonable amount of money for any purpose that the Board finds appropriate, even if the donation is not for business considerations or for the purpose of achieving profits for the Company.

4. **REGISTERED OFFICE**

The registered office shall be at such place as decided by the Board from time to time.

5. **AUTHORIZED SHARE CAPITAL**

The authorized share capital of the Company shall consist of NIS 10,770 divided into 140,010,000 ordinary shares with a nominal value of NIS 0.0000769 each.

6. **RIGHTS ATTACHING TO THE ORDINARY SHARES**

6.1. The ordinary shares in respect of which all calls have been fully paid shall confer on the holders thereof the right to attend and to vote at General Meetings of the Company, both annual as well as extraordinary meetings. Each ordinary share shall confer on its holder one vote at a General Meeting.

6.2. The ordinary shares shall confer on a holder thereof the right to receive a dividend, to participate in a distribution of bonus shares and to participate in the distribution of the assets of the Company upon its winding-up, pro rata to the nominal amount paid up on the shares or credited as paid up in respect thereof, and without reference to any premium which may have been paid in respect thereof.

7. **MODIFICATION OF CLASS RIGHTS**

7.1. Subject to applicable law, if at any time the share capital of the Company is divided into different classes of shares and unless the terms of issue of such class of shares otherwise stipulate, the rights attaching to any class of shares (including rights prescribed in the terms of issue of the shares) may be altered, modified or canceled by a resolution passed at a separate class meeting of the shareholders of that class.

7.2. The provisions contained in these Articles with regard to General Meetings shall apply, *mutatis mutandis* as the case may be, to every class meeting of the holders of each such class of the Company's shares.

7.3. Unless otherwise provided by these Articles, the increase of an authorized class of shares, or the issuance of additional shares thereof out of the authorized and unissued share capital, shall not be deemed, for purposes of this Article 7, to modify or abrogate the rights attached to previously issued shares of such class or of any other class.

8. **UNISSUED SHARE CAPITAL**

8.1. The unissued shares in the capital of the Company shall be under the control of the Board, which shall be entitled to allot or otherwise grant the same to such persons under such restrictions and conditions as it shall deem fit, whether for consideration or otherwise, and whether for consideration in cash or for consideration which is not in cash, above their nominal value or at a discount, all on such conditions, in such manner and at such times as the Board shall deem fit, subject to the provisions of the Companies Law. The Board shall be entitled, *inter alia*, to differentiate between shareholders with regard to the amounts of calls in respect of the allotment of shares (to the extent that there are calls) and with regard to the time for payment thereof. The Board may also issue options or warrants for the purchase of shares of the Company and prescribe the manner of the exercise of such options or warrants, including the time and price for such exercise and any other provision which is relevant to the method for distributing the issued shares of the Company amongst the purchasers thereof.

8.2. The Board shall be entitled to prescribe the times for the issue of shares of the Company and the conditions therefor and any other matter which may arise in connection with the issue thereof.

8.3. In every case of a rights offering, the Board shall be entitled, in its discretion, to resolve any problems and difficulties arising or that are likely to arise in regard to fractions of rights, and without prejudice to the generality of the foregoing, the Board shall be entitled to specify that no shares shall be allotted in respect of fractions of rights, or that fractions of rights shall be sold and the net proceeds shall be paid to the persons entitled to the fractions of rights, or, in accordance with a decision by the Board, to the benefit of the Company.

9. **INCREASE OF CAPITAL; ALTERATIONS TO CAPITAL**

9.1. The Company may, from time to time, by a resolution of the shareholders at a General Meeting, increase its share capital by way of the creation of new shares, whether or not all the existing shares have been issued up to the date of the resolution, whether or not it has been decided to issue same, and whether or not calls have been made on all the issued shares.

9.2. The increase of share capital shall be in such amount and divided into shares of such nominal value, and with such restrictions and conditions and with such rights and privileges as the resolution dealing with the creation of the shares prescribes, and if no provisions are contained in the resolution, then as the Board shall prescribe.

9.3. Unless otherwise stated in the resolution approving the increase of the share capital, the new shares shall be subject to those provisions in regard to issue, allotment, alteration of rights, payment of calls, liens, forfeiture, transfer, transmission and other provisions which apply to the shares of the Company.

9.4. By resolution of the shareholders in a General Meeting, the Company may, subject to any applicable provisions of the Companies Law:

9.4.1. consolidate its existing share capital, or any part thereof, into shares of a larger denomination than the existing shares;

9.4.2. sub-divide its share capital, in whole or in part, into shares of a smaller denomination than the nominal value of the existing shares and without prejudice to the foregoing, one or more of the shares so created may be granted any preferred or deferred rights or any special rights with regard to dividends, participation in assets upon winding-up, voting and so forth, subject to the provisions of these Articles;

9.4.3. reduce its share capital; or

9.4.4. cancel any shares which on the date of passing of the resolution have not been issued and to reduce its share capital by the amount of such shares.

9.5. In the event that the Company's shareholders shall adopt any of the resolutions described in Article 9.4 above, the Board shall be entitled to prescribe arrangements necessary in order to resolve any difficulty arising or that are likely to arise in connection with such resolutions, including, in the event of a consolidation, it shall be entitled to (i) allot, in contemplation of or subsequent to such consolidation or other action, shares or fractional shares sufficient to preclude or remove fractional share holdings; (ii) redeem, in the case of redeemable shares, and subject to applicable law, such shares or fractional shares sufficient to preclude or remove fractional share holdings; (iii) round up, round down or round to the nearest whole number, any fractional shares resulting from the consolidation or from any other action which may result in fractional shares; or (iv) cause the transfer of fractional shares by certain shareholders to other shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and, cause the transferees of such fractional shares to pay the transferors thereof the fair value thereof, and the Board is hereby authorized to act in connection with such transfer, as agent for the transferors and transferees of any such fractional shares, with full power of substitution, for the purposes of implementing the provisions of this Article 9.5.

10. SHARE CERTIFICATES

10.1. To the extent shares are certificated, share certificates evidencing title to the shares of the Company shall be issued under the seal or rubber stamp of the Company, and together with the signatures of two members of the Board, or one director together with the Chief Executive Officer, the Chief Financial Officer or any other person designated by the Board. The Board shall be entitled to decide that the signatures be effected in any mechanical or electronic form, provided that the signature shall be effected under the supervision of the Board in such manner as it prescribes.

10.2. Every shareholder shall be entitled, free of charge, to one certificate in respect of all the shares of a single class registered in his name in the Register.

10.3. The Board shall not refuse a request by a shareholder to obtain several certificates in place of one certificate, unless such request is, in the opinion of the Board, unreasonable. Where a shareholder has sold or transferred some of his shares, he shall be entitled, free of charge, to receive a certificate in respect of his remaining shares, provided that the previous certificate is delivered to the Company before the issuance of a new certificate.

10.4. Every share certificate shall specify the number of the shares in respect of which such certificate is issued and also the amounts which have been paid up in respect of each share.

10.5. No person shall be recognized by the Company as having any right to a share unless such person is the registered owner of the shares in the Register. The Company shall not be bound by and shall not recognize any right or privilege pursuant to the laws of equity, or a fiduciary relationship or a chose in action, future or partial, in any share, or a right or privilege to a fraction of a share, or (unless these Articles otherwise direct) any other right in respect of a share, except the absolute right to the share as a whole, where same is vested in the owner registered in the Register.

10.6. A share certificate registered in the names of two or more persons shall be delivered to one of the joint holders, and the Company shall not be obliged to issue more than one certificate to all the joint holders of shares and the delivery of such certificate to one of the joint holders shall be deemed to be delivery to all of them.

10.7. If a share certificate should be lost, destroyed or defaced, the Board shall be entitled to issue a new certificate in its place, provided that the certificate is delivered to it and destroyed by it, or it is proved to the satisfaction of the Board that the certificate was lost or destroyed and security has been received to its satisfaction in respect of any possible damages and after payment of such amount as the Board shall prescribe.

11. CALLS ON SHARES

11.1. The Board may from time to time, in its discretion, make calls on shareholders in respect of amounts which are still unpaid in respect of the shares held by each of the shareholders (including premiums), if the terms of issue do not prescribe that same be paid at fixed times, and every shareholder shall be obliged to pay the amount of the call made on him, at such time and at such place as stipulated by the Board.

11.2. In respect of any such call, prior notice of at least fourteen (14) Business Days shall be given, stating to whom the amount called is to be paid, the time for payment and the place thereof, provided that prior to the due date for payment of such call, the Board may, by written notice to the shareholders to which the call was made, cancel the call or extend the date of payment thereof.

11.3. If according to the terms of issue of any share, or otherwise, any amount is required to be paid at a fixed time or in installments at fixed times, whether the payment is made on account of the nominal value of the share or in form of a premium, every such payment or every such installment shall be paid as if it was a call duly made by the Board, in respect of which notice was duly given, and all the provisions contained in these Articles in regard to calls shall apply to such amount or to such installment.

11.4. Joint holders of a share shall be jointly and severally liable for the payment of all installments and calls due in respect of such share.

11.5. In the event that a call or installment due on account of a share is not paid on or before the date fixed for payment thereof, the holder of the share, or the person to whom the share has been allotted, shall be obliged to pay linkage differentials and interest on the amount of the call or the installment, at such rate as shall be determined by the Board, commencing from the date fixed for the payment thereof and until the date of actual payment. The Board may, however, waive the payment of the linkage differentials or the interest or part thereof.

11.6. A shareholder shall not be entitled (i) to receive a dividend and (ii) to exercise any right as a shareholder, including but not limited to, the right to attend and vote at a General Meeting and to transfer the shares to another, unless he has paid all the calls payable from time to time and which apply to any of his shares, whether he holds same alone or jointly with another, plus linkage differentials, interest and expenses, if any.

11.7. The Board may, if it deems fit, accept payment from a shareholder wishing to advance the payment of all moneys which remain unpaid on account of his shares, or part thereof which are over and above the amounts which have actually been called, and the Board shall be entitled to pay such shareholder linkage differentials and interest in respect of the amounts paid in advance, or that portion thereof which exceeds the amount called for the time being on account of the shares in respect of which the advance payment is made, at such rate as is agreed upon between the Board and the shareholder, with this being in addition to dividends (if any) payable on the paid-up portion of the share in respect of which the advance payment is made. The Board may, at any time, repay the amount paid in advance as aforesaid, in whole or in part, in its sole discretion, without premium or penalty. Nothing in this Article 11.7 shall derogate from the right of the Board to make any call for payment before or after receipt by the Company of any such advance.

12. **FORFEITURE AND LIEN**

12.1. If a shareholder fails to make payment of any call or other installment on or before the date fixed for the payment thereof, the Board may, at any time thereafter and for as long as the part of the call or installment remains unpaid, serve on such shareholder a notice demanding that he make payment thereof, together with the linkage differentials and interest at such rate as is specified by the Board and all the expenses incurred by the Company in consequence of such non-payment.

12.2. The notice shall specify a further date, which shall be at least fourteen (14) Business Days after the date of the delivery of the notice, and a place or places at which such call or installment is to be paid, together with linkage differentials and interest and expenses as aforesaid. The notice shall further state that, if the amount is not paid on or before the date specified, and at the place mentioned in such notice, the shares in respect of which the call was made, or the installment is due, shall be liable to forfeiture.

12.3. If the demands contained in such notice are not complied with the Board may treat the shares in respect of which the notice referred to in Articles 12.1 and 12.2 was given as forfeited. Such forfeiture shall include all dividends, bonus shares and other benefits which have been declared in respect of the forfeited shares which have not actually been paid prior to the forfeiture.

12.4. Any share so forfeited or waived shall be deemed to be the property of the Company and the Board shall be entitled, subject to the provisions of these Articles and the Companies Law, to sell, re-allot or otherwise dispose thereof, as it deems fit, whether the amount paid previously in respect of that share is credited, in whole or in part.

12.5. The Board may, at any time before any share forfeited as aforesaid is sold or re-allotted or otherwise disposed of, cancel the forfeiture on such conditions as it deems fit.

12.6. Any person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall, nonetheless remain liable for the payment to the Company of all calls, installments, linkage differentials, interest and expenses due on account of or in respect of such shares on the date of forfeiture, in respect of the forfeited shares, together with interest on such amounts reckoned from the date of forfeiture until the date of payment, at such rate as the Board shall from time to time specify. However, such person's liability shall cease after the Company has received all the amounts called in respect of the shares as well as any expenses incurred by the Company relating to collecting the amounts called. The Board shall be entitled to collect the moneys which have been forfeited, or part thereof, as it shall deem fit, but it shall not be obliged to do so.

12.7. The provisions of these Articles in regard to forfeiture shall also apply to cases of non-payment of any amount, which, according to the terms of issue of the share, or which under the conditions of allotment the due date for payment of which fell on a fixed date, whether this be on account of the nominal value of the share or in the form of a premium, as if such amount was payable pursuant to a call duly made and notified.

12.8. The Company shall have a first and paramount lien over all the shares which have not been fully paid up and which are registered in the name of any shareholder (whether individually or jointly with others) and also over the proceeds of the sale thereof, as security for the debts and obligations of such shareholder to the Company and his contractual engagements with it, either individually or together with others. This right of lien shall apply whether or not the due date for payment of such debts or the fulfillment or performance of such obligations has arrived, and no rights in equity shall be created in respect of any share over which there is a lien as aforesaid. The aforesaid lien shall apply to all dividends or benefits which may be declared, from time to time, on such shares, unless the Board shall decide otherwise.

12.9. In order to foreclose on such lien, the Board may sell the shares under lien at such time and in such manner as it shall deem fit, but no share may be sold unless the period referred to below has elapsed and written notice has been given to the shareholder, his trustee, liquidator, receiver, the executors of his estate, or anyone who acquires a right to shares in consequence of the bankruptcy of a shareholder, as the case may be, stating that the Company intends to sell the shares, if he or they should fail to pay the aforesaid debts, or fail to discharge or fulfill the aforesaid obligations within fourteen (14) Business Days from the date of the delivery of the notice.

12.10. The net proceeds of any such sale of shares, as contemplated by Article 12.9 above, after deduction of the expenses of the sale, shall serve for the discharge of the debts of such shareholder or for performance of such shareholder's obligations (including debts, undertakings and contractual engagements the due date for the payment or performance of which has arrived) and the surplus, if any, shall be paid to the shareholder, his trustee, liquidator, receiver, guardians, the executors of his estate, or to his successors-in-title.

12.11. In every case of a sale following forfeiture or waiver, or for purposes of executing a lien by exercising all of the powers conferred above, the Board shall be entitled to appoint a person to sign an instrument of transfer of the shares sold, and to arrange for the registration of the name of the buyer in the Register in respect of the shares sold.

12.12. An affidavit signed by the Chairman of the Board that a particular share of the Company was forfeited, waived or sold by the Company by virtue of a lien, shall serve as conclusive evidence of the facts contained therein as against any person claiming a right in the share. The purchaser of a share who relies on such affidavit shall not be obliged to investigate whether the sale, re-allotment or transfer, or the amount of consideration and the manner of application of the proceeds of the sale, were lawfully effected, and after his name has been registered in the Register he shall have a full right of title to the share and such right shall not be adversely affected by a defect or invalidity which occurred in the forfeiture, waiver, sale, re-allotment or transfer of the share.

13. TRANSFER AND TRANSMISSION OF SHARES

13.1. No transfer of shares shall be registered unless a proper instrument of transfer is delivered to the Company or, in the case of shares registered with a transfer agent, delivered to such transfer agent or to such other place specified for this purpose by the Board. Subject to the provisions of these Articles, an instrument of transfer of a share in the Company shall be signed by the transferor and the transferee. The Board may approve other methods of recognizing the transfer of shares in order to facilitate the trading of the Company's shares on the Nasdaq Stock Market or on any other stock exchange. The transferor shall be deemed to remain the holder of the share up until the time the name of the transferee is registered in the Register in respect of the transferred share.

13.2. Insofar as the circumstances permit, the instrument of transfer of a share shall be substantially in the form set out below, or in any other form that the Board may approve.

I _____, I.D. _____ of _____ (the "**Transferor**"), in consideration for an amount of _____ (in words) paid to me by _____ I.D. _____ of _____ (hereinafter: the "**Transferee**"), hereby transfer to the Transferee _____ _____ shares of nominal value NIS _____ each, marked with the numbers _____ to _____ (inclusive) of Entera Bio Ltd., to be held by the Transferee, the acquirers of his rights and his successors-in title, under all the same conditions under which I held same prior to the signing of this instrument, and I, the Transferee, hereby agree to accept the aforementioned shares in accordance with the above mentioned conditions.

In witness whereof we have hereunto signed this _____ day of _____ 20__.

Transferor _____ Transferee _____

Witnesses to Signature _____

13.3. The Company may close the transfer registers and the Register for such period of time as the Board shall deem fit.

13.4. Every instrument of transfer shall be submitted to the Office or to such other place as the Board shall prescribe, for purposes of registration, together with the share certificates to be transferred, or if no such certificate was issued, together with a letter of allotment of the shares to be transferred, and such other proof as the Board may demand in regard to the transferor's right of title or his right to transfer the shares. The Board shall have the right to refuse to recognize a transfer of shares until the appropriate securities under the circumstances have been provided, as shall be determined by the Board in a specific case or from time to time in general. Instruments of transfer which serve as the basis for transfers that are registered shall remain with the Company.

13.5. Every instrument of transfer shall relate to one class of shares only, unless the Board shall otherwise agree.

13.6. The executors of the will or administrator of a deceased shareholder's estate (such shareholder not being one of a joint owners of a share) or, in the absence of an administrator of the estate or executor of the will, the persons specified in Article 13.7 below, shall be entitled to demand that the Company recognize them as owners of rights in the share. The provisions of Article 13.4 above shall apply, mutatis mutandis, also in regard to this Article.

13.7. In the case of the death of one of the holders of a share registered in the names of two or more persons, the Company shall recognize only the surviving owners as persons having rights in the share. However, the aforementioned shall not be construed as releasing the estate of a deceased joint shareholder from any and all undertakings in respect of the shares. Any person who shall become an owner of shares following the death of a shareholder shall be entitled to be registered as owner of such shares after having presented to an officer of the Company to be designated by the Chief Executive Officer an inheritance order or probation order or order of appointment of an administrator of estate and any other proof as required - if these are sufficient in the opinion of such officer - testifying to such person's right to appear as a shareholder in accordance with these Articles, and which shall testify to his title to such shares. The provisions of Article 13.4 above shall apply, *mutatis mutandis*, also in regard to this Article.

13.8. The receiver or liquidator of a shareholder who is a company or the trustee in bankruptcy or the official receiver of a shareholder who is bankrupt, upon presenting appropriate proof to the satisfaction of an officer of the Company to be designated by the Chief Executive Officer that such shareholder has the right to appear in this capacity and which testifies to such shareholder's title, may, with the consent of the Board (the Board shall not be obligated to give such consent) be registered as the owner of such shares. Furthermore, such shareholder may assign such shares in accordance with the rules prescribed in these Articles. The provisions of Article 13.4 above shall apply, *mutatis mutandis*, also in regard to this Article.

13.9. A person entitled to be registered as a shareholder following a transfer pursuant to these Articles shall be entitled, if approved by the Board and to the extent and under the conditions prescribed by the Board, to dividends and any other monies paid in respect of the shares, and shall be entitled to give the Company confirmation of the payments; *however*, he shall not be entitled to be present or to vote at any General Meeting of the Company or, subject to the provisions of these Articles, to make use of any rights of shareholders, until he has been registered as owner of such shares in the Register.

14. GENERAL MEETING

14.1. A General Meeting shall be held at least once every year, not later than fifteen (15) months after the last General Meeting, at such time and at such place as the Board shall determine. Such General Meeting shall be called an annual meeting, and all other meetings of the shareholders shall be called extraordinary meetings.

14.2. The Board may call an extraordinary meeting whenever it sees fit to do so.

14.3. The Board shall be obliged to call an extraordinary meeting upon a requisition in writing in accordance with the Companies Law.

14.4. The Company shall provide prior notice in regard to the holding of an annual meeting or an extraordinary meeting in accordance with the requirements of these Articles and the Companies Law. Subject to the provisions of the Companies Law, in counting the number of days of prior notice given, the day of publication of notice shall not be counted, but the day of the meeting shall be counted. The notice shall specify those items and contain such information as shall be required by the Companies Law and any other applicable law and regulations.

14.5. Any shareholder holding at least 1% (one percent) of the outstanding voting rights in the Company requesting to add an item to the agenda of a General Meeting (a "**Proposing Shareholder**") may submit such a request in accordance with the Companies Law (a "**Proposal Request**"). Subject to any requirements under the Companies Law, to be considered timely and thereby be added to such agenda, a Proposal Request must be delivered, either in person or by certified mail, postage prepaid, and received at the Office, (i) in the case of a General Meeting that is an annual meeting, no less than sixty (60) days nor more than one-hundred twenty (120) days prior to the date of the first anniversary of the preceding year's annual meeting, *provided*, *however*, that, in the event that the date of the annual meeting is advanced more than thirty (30) days prior to or delayed by more than thirty (30) days after the anniversary of the preceding year's annual meeting, notice by the Proposing Shareholder, in order to be timely, must be received no earlier than the close of business one-hundred twenty (120) days prior to such annual meeting and no later than the close of business on the later of ninety (90) days prior to such annual meeting or the tenth (10^{th}) day following the day on which public announcement of the date of such meeting is first made, and (ii) in the case of a General Meeting that is an extraordinary meeting, no earlier than one-hundred twenty (120) days prior to such extraordinary meeting and no later than the close of business on the later of sixty (60) days prior to such extraordinary meeting or the tenth (10^{th}) day following the day on which public announcement of the date of such meeting is first made, subject to applicable law.

14.6. Such request to add an item to the agenda of the General Meeting shall also set forth: (i) the name and address of the Proposing Shareholder making the request; (ii) a representation that the Proposing Shareholder is a beneficial holder of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting; (iii) a description of all arrangements or understandings between the Proposing Shareholder and any other person or persons (naming such person or persons) in connection with the subject which is requested to be included in the agenda; (iv) a description of all Derivative Transactions (as defined below) by the Proposing Shareholder during the previous twelve (12) month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions; and (v) a declaration that all the information that is required under the Companies Law and any other applicable law to be provided to the Company in connection with such subject, if any, has been provided. Furthermore, the Board, may, in its discretion, to the extent it deems necessary, request that the Proposing Shareholder(s) provide additional information necessary so as to include a subject in the agenda of a General Meeting, as the Board may reasonably require. The information required pursuant to this Article 14.6 shall be updated as of the record date of the General Meeting, five (5) Business Days before the General Meeting, and any adjournment or postponement thereof.

14.7. A "**Derivative Transaction**" means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proposing Shareholder or any of its affiliates or associates, whether of record or beneficial: (a) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the Company, (b) which otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the Company, (c) the effect or intent of which is to mitigate loss, manage risk or benefit of security value or price changes, or (d) which provides the right to vote or increase or decrease the voting power of such Proposing Shareholder, or any of its affiliates or associates, with respect to any shares or other securities of the Company, which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proposing Shareholder in the shares or other securities of the Company held by any general or limited partnership, or any limited liability company, of which such Proposing Shareholder is, directly or indirectly, a general partner or managing member.

14.8. Subject to Article 15.9 below, in the event that the Company has established that an adjourned meeting shall be held on such date which is later than the date provided for in Section 78(b) of the Companies Law, such later date shall be included in the notice. The Company may add additional places for shareholders to review the full text of the proposed resolutions, including an internet site. The notice shall be provided in the manner prescribed in Article 29 below. In no event shall the public announcement of an adjournment or postponement of a General Meeting commence a new time period (or extend any time period) for the giving of a shareholder's notice as described above.

14.9. Subject to any requirements under the Companies Law, nominations of persons for election to the Board may be made at an extraordinary meeting only if directors are to be elected at such meeting (a) by or at the direction of the Board, or (b) by any shareholder who is entitled to vote at the meeting and who complies with the notice procedures set forth in Article 14.6 above.

15. **PROCEEDINGS AT GENERAL MEETING**

15.1. No business shall be conducted at a General Meeting unless a quorum is present, and no resolution shall be passed unless a quorum is present at the time the resolution is voted on. Except in cases where it is otherwise stipulated, a quorum shall be constituted when there are personally present, or represented by proxy, at least two (2) shareholders who hold, in the aggregate, at least 25% of the voting rights in the Company. A proxy may be deemed to be two (2) or more shareholders pursuant to the number of shareholders he represents.

15.2. If within half an hour from the time appointed for the meeting, a quorum is not present, without there being an obligation to notify the shareholders to that effect, the meeting shall be adjourned to the same day in the following week, at the same hour and at the same place or to a later time and date if so specified in the notice of the meeting, unless such day shall fall on a statutory holiday (either in Israel or in the United States), in which case the meeting will be adjourned to the first Business Day afterwards.

15.3. If the original meeting was convened upon requisition under Section 63 of the Companies Law, one or more shareholders, present in person or by proxy and holding the number of shares required for making such requisition, shall constitute a quorum at the adjourned meeting, but in any other case any two (2) shareholders present in person or by proxy shall constitute a quorum at the adjourned meeting.

15.4. The Chairman of the Board, or any other person appointed for this purpose by the Board, shall preside at every General Meeting. If within fifteen (15) minutes from the time appointed for the meeting, the designated chairman for the meeting shall not be present, the shareholders present at the meeting shall elect one of their number to serve as chairman of the meeting.

15.5. Except as required under the Companies Law or these Articles, any resolution of the shareholders shall be adopted by a majority of the voting power present and voting on such resolution at the applicable General Meeting, in person or by proxy. Each shareholder shall be entitled to the number of votes to which such shareholder is entitled on the basis of the number of ordinary shares held by such shareholder and shall vote all of the ordinary shares or any part thereof at his sole discretion.

15.6. Where a poll has been demanded, the chairman of the meeting shall be entitled - but not obliged - to accede to the demand. Where the chairman of the meeting has decided to hold a poll, such poll shall be held in such manner, at such time and at such place as the chairman of the meeting directs, either immediately or after an interval or postponement, or in any other way, and the results of the vote shall be deemed to be the resolution at the meeting for which the poll was demanded. A person demanding a poll may withdraw his demand prior to the poll being held.

15.7. A demand for the holding of a poll shall not prevent the continued business of the meeting on all other questions apart of the question in respect of which a poll was demanded.

15.8. The announcement by the chairman of the meeting that a resolution has been passed unanimously or by a particular majority, or has been rejected, and a note recorded to that effect in the Company’s minute book, shall serve as prima facie proof of such fact, and there shall be no necessity for proving the number of votes or the proportion of votes given for or against the resolution, unless otherwise required under applicable law and regulation.

15.9. The chairman of a General Meeting at which a quorum is present may, with the consent of holders of a majority of the voting power represented in person and by proxy and voting on the question of adjournment, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. Subject to these Articles, it shall not be necessary to give any notice of an adjournment unless the meeting is adjourned for more than twenty one (21) days, in which case notice thereof shall be given in the manner required for the meeting as originally called. Where a General Meeting has been adjourned without changing its agenda, to a date which is not more than twenty one (21) days, notices shall be given for the new date, as early as possible, and by no later than seventy two (72) hours before the General Meeting.

16. **VOTES OF SHAREHOLDERS**

16.1. The voting rights of every shareholder entitled to vote at a General Meeting shall be as set forth in Article 6.1 of these Articles.

16.2. In the case of joint shareholders, the vote of the senior joint holder, given personally or by proxy, shall be accepted, to the exclusion of the vote of the remaining joint shareholders, and for these purposes the senior of the joint shareholders shall be the person amongst the joint holders whose name appears first in the Register.

16.3. A shareholder who is an Incapacitated Person may vote solely through his guardian or other person who fulfills the function of such guardian and who was appointed by a court, and any guardian or other person as aforesaid shall be entitled to vote by way of a proxy, or in such manner as the court directs.

16.4. Any corporation which is a shareholder of the Company shall be entitled, by way of resolution of its board of directors or another organ which manages said corporation, to appoint such person which it deems fit, whether or not such person is a shareholder of the Company, to act as its representative at any General Meeting of the Company or at a meeting of a class of shares in the Company which such corporation is entitled to attend and to vote thereat, and the appointed person as aforesaid shall be entitled, on behalf of the corporation whom he represents, to exercise all of the same powers and authorities which the corporation itself could have exercised had it been a natural person holding shares of the Company.

16.5. Every shareholder who is entitled to attend and vote at a General Meeting of the Company shall be entitled to appoint a proxy. A proxy can be appointed by more than one shareholder and vote in different ways on behalf of each principal.

16.6. The instrument appointing a proxy shall be in writing signed by the person making the appointment or by his authorized representative, and if the person making the appointment is a corporation, the power of attorney shall be signed in the manner in which the corporation signs on documents which bind it, and a certificate of an attorney with regard to the authority of the signatories to bind the corporation shall be attached thereto. The proxy need not be a shareholder of the Company.

16.7. The instrument appointing a proxy, or a copy thereof certified by an attorney, shall be lodged at the Office, or at such other place as the Board shall specify, not less than forty-eight (48) hours prior to the General Meeting at which the proxy intends to vote based on such instrument of proxy. Notwithstanding the above, the chairman of the meeting shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy until the beginning of a General Meeting. A document appointing a proxy shall be valid for every adjourned meeting of the General Meeting to which the document relates.

16.8. Every instrument appointing a proxy, whether for a meeting specifically indicated, or otherwise, shall, as far as circumstances permit, be substantially in the following form, or in any other form approved by the Board:

I _____ of _____ being a shareholder holding shares in Entera Bio Ltd., hereby appoint Mr. _____ of _____ or failing him, Mr. _____ of _____, or failing him, Mr. _____ of _____, to vote in my name, place and stead at the (annual/extraordinary) General Meeting of the Company to be held on the ____ of _____ 20__, and at any adjourned meeting thereof.

In witness whereof I have hereto set my hand on the _____ day of _____.

16.9. No shareholder shall be entitled to vote at a General Meeting unless he has paid all of the calls and all of the amounts due from him, for the time being, in respect of his shares.

16.10. A vote given in accordance with the instructions contained in an instrument appointing a proxy shall be valid notwithstanding the death or bankruptcy of the appointer, or the revocation of the proxy, or the transfer of the share in respect of which the vote was given as aforesaid, unless notice in writing of the death, revocation or transfer is received at the Office, or by the chairman of the meeting, prior to such vote.

16.11. Subject to the Companies Law, an instrument appointing a proxy shall be deemed revoked (i) upon receipt by the Company or the chairman of the meeting, subsequent to receipt by the Company of such instrument, of written notice signed by the person signing such instrument or by the shareholder appointing such proxy canceling the appointment thereunder (or the authority pursuant to which such instrument was signed) or of an instrument appointing a different proxy, provided such notice of cancellation or instrument appointing a different proxy were so received at the place and within the time for delivery of the instrument revoked thereby as referred to in Article 16.7 above, or (ii) if the appointing shareholder is present in person at the meeting for which such instrument of proxy was delivered, upon receipt by the chairman of such meeting of written notice from such shareholder of the revocation of such appointment, or if and when such shareholder votes at such meeting. A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the revocation or purported cancellation of the appointment, or the presence in person or vote of the appointing shareholder at a meeting for which it was rendered, unless such instrument of appointment was deemed revoked in accordance with the foregoing provisions of this Article 16.11 at or prior to the time such vote was cast.

17. THE BOARD OF DIRECTORS

17.1. Unless otherwise resolved by a resolution of the General Meeting, the prescribed number of directors of the Company shall be between three (3) and ten (10) (including the External Directors), as may be fixed from time to time by the Board. Any director shall be eligible for re-election upon termination of his term of office, subject to applicable law.

17.2 The directors of the Company (other than any External Directors elected pursuant to the Companies Law) shall be divided into three classes, designated class I, class II and class III. Each class of directors shall consist, as nearly as possible as determined by the Board, of one-third of the total number of directors constituting the entire Board (excluding the External Directors). The first term of office of the class I directors shall expire at the annual General Meeting occurring in 2018; the first term of office of the class II directors shall expire at the annual General Meeting in 2019; and the first term of office of the class III directors shall expire at the annual General Meeting in 2020. Any director whose term has expired may be reelected to the Board except as provided by applicable law.

17.3 At each annual General Meeting, election or re-election of directors following the expiration of the term of office of the directors of a certain class, will be for a term of office that expires on the third annual General Meeting following such election or reelection, such that from 2018 and forward, each year the term of office of only one class of directors will expire (i.e., the term of office of Class I will initially expire at the annual General Meeting held in 2018 and thereafter at the annual General Meeting in 2021, 2024 etc.). A director shall hold office until the annual General Meeting for the year in which the term of the class to which he belongs expires.

17.4 Upon a change in the number of directors (other than as a result of a vacancy), in accordance with the provisions hereof, any increase or decrease shall be apportioned by the Board at their discretion among the classes so as to maintain the number of directors in each class as nearly equal as possible.

17.5 Any director shall assume his or her position as director on the date of his or her election to the Board, unless a later date has been designated in the resolution appointing such director.

17.6 The Board shall have power at any time and from time to time to appoint any person to be a director, either to fill an occasional vacancy or as an addition to the existing Board, so long as the total number of directors shall not at any time exceed the maximum number prescribed by the Articles and shall place any such new director in a class so that each class is as nearly equal as possible. Such Board-appointed director (or directors) shall hold office until replaced in the manner set out in Articles 17.2 and 17.3 above. This Article 17.6 shall not apply to a vacated office of an External Director, which may be filled only in accordance with Article 17.11 below, unless there are two (2) or more External Directors in office at that time in addition to the vacated office.

17.7. Prior to every annual General Meeting of the Company, the Board (or a committee of the Board) may select, via a resolution adopted by a majority of the Board (or such committee), a number of persons to be proposed to the shareholders for election as directors at such annual General Meeting (the "**Nominees**"). Any shareholder entitled under applicable law to propose one or more persons as nominees for election as directors at a General Meeting (each such nominee, an "**Alternate Nominee**") may make such proposal only if a written notice of such shareholder's intent to that effect has been given to the Secretary of the Company (or, if there is no such Secretary, the Chief Executive Officer) within the periods set out in Article 14.5 above. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the Alternate Nominees; (b) a representation that the shareholder is a beneficial holder of shares of the Company entitled to vote at such meeting (including the number of shares held beneficially by the shareholder) and intends to appear in person or by proxy at the meeting to nominate the Alternate Nominees; (c) a description of all arrangements or understandings between the shareholder and each Alternate Nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) the consent of each Alternate Nominee to serve as a director of the Company if so elected and (e) a declaration signed by each Alternate Nominee declaring that there is no limitation under the Companies Law for the appointment of such a nominee and that all of the information that is required under the Companies Law to be provided to the Company in connection with such an appointment has been provided. The Nominees or Alternate Nominees shall be elected by a resolution at the annual General Meeting at which they are subject to election. The Board may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

17.8. The directors in their capacity as such shall be entitled to receive remuneration as shall be determined in compliance with the Companies Law. The conditions (including remuneration) of the terms of office of members of the Board shall be decided by the Board or any committee thereof, but the same shall be valid only if ratified in the manner required under the Companies Law, if required to be ratified. The remuneration of directors may be fixed as an overall payment or other consideration or as a payment or other consideration in respect of attendance at meetings of the Board, or a combination of both. In addition to his remuneration, each director shall be entitled to be reimbursed, retroactively or in advance, in respect of his reasonable expenses connected with performing his functions and services as a director. Such entitlement shall be determined in accordance with, and shall be subject to, a specific resolution or policy adopted by the Board regarding such matter and in accordance with the requirements of applicable law.

17.9. Subject to the provisions of the Companies Law with regard to External Directors and subject to Article 17.2 and 17.3 above, the office of a member of the Board shall be vacated in any one of the following events:

17.9.1. if he resigns his office by way of a letter signed by him, lodged at the Office;
17.9.2. if he is declared bankrupt;
17.9.3. if he becomes insane or unsound of mind;
17.9.4. upon his death;

17.9.5. if he is prevented by applicable law from serving as a director of the Company;

17.9.6. if the Board terminates his office according to Section 231 of the Companies Law;

17.9.7. if a court order is given in accordance with Section 233 of the Companies Law;

17.9.8. if he is removed from office by a resolution at a General Meeting of the Company adopted by a majority of the voting power in the Company; or

17.9.9. if his period of office has terminated in accordance with the provisions of these Articles.

17.10. If the office of a member of the Board should be vacated, the remaining members of the Board shall be entitled to continue to act for all purposes for as long as their number does not fall below the minimum, as prescribed in Article 17.1 above, without limiting their right to fill the vacancy at any time in accordance with Article 17.6 above. Should their number fall below the aforesaid minimum, the directors shall not be entitled to act, except for the appointment of additional directors, or for the purpose of calling a General Meeting for the appointment of additional directors, or for the purpose of calling a General Meeting for the appointment of a new Board.

17.11. The office of an External Director shall be vacated and an External Director may be removed and replaced only in accordance with the provisions for vacation of office, removal and appointment of External Directors under the Companies Law.

17.12 Subject to the provisions of the Companies Law, any director may, by written notice to the Company, appoint another person to serve as his or her alternate director subject to the approval of a majority of the members of the Board excluding such director (in these Articles, an "**Alternate Director**"), dismiss such Alternate Director and appoint, in the same manner as provided in this Article 17.12, another Alternate Director in his or her place (or in place of any Alternate Director whose office has been vacated for any reason whatsoever), whether for a certain meeting or a certain period of time or generally. Any notice given to the Company pursuant to this Article shall be in writing, delivered to the Company and signed by the appointing or dismissing director, and shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later. Anyone who is not qualified to be appointed as a director and/or anyone serving as a director or as an existing Alternate Director may not be appointed and may not serve as an Alternate Director. Each of an Alternate Director shall have all of the authority of the director who appointed him (except that an Alternate Director may not appoint an alternate for himself, unless the instrument appointing him otherwise expressly provides), provided, however, that an Alternate Director shall have no standing at any meeting of the Board or any committee thereof while the director who appointed him is present. The office of an Alternate Director shall be vacated: (i) under the circumstances, *mutatis mutandis*, set forth in this Article 17, and such office shall *ipso facto* be vacated if the director who appointed such Alternate Director ceases to be a director, (ii) at any time, by the Board, and (iii) at any time, by the appointing director.

18. **OTHER PROVISIONS REGARDING DIRECTORS**

18.1. Subject to any mandatory provisions of applicable law, a director shall not be disqualified by virtue of his office from holding another office in the Company or in any other company in which the Company is a shareholder or in which it has any other form of interest, or of entering into a contract with the Company, either as seller or buyer or otherwise. Likewise, no contract made by the Company or on its behalf in which a director has any form of interest may be nullified and a director shall not be obliged to account to the Company for any profit deriving from such office, or resulting from such contract, merely by virtue of the fact that he serves as a director or by reason of the fiduciary relationship thereby created, but such director shall be obliged to disclose to the Board the nature of any such interest at the first opportunity.

18.2. A general notice to the effect that a director is a shareholder or has any other form of interest in a particular firm or a particular company and that he must be deemed to have an interest in any business with such firm or company shall be deemed to be adequate disclosure for purposes of this Article in relation to such director, and after such general notice has been given, such director shall not be obliged to give special notice in relation to any particular business with such firm or such company.

18.3. Subject to the provisions of the Companies Law and these Articles, the Company shall be entitled to enter into a transaction in which an Office Holder of the Company has a personal interest, directly or indirectly, and may enter into any contract or otherwise transact any business with any third party in which contract or business an Office Holder has a personal interest, directly or indirectly.

18.4. The Board shall elect one (1) or more of its members to serve as chairman (the "**Chairman of the Board**"), *provided* that, subject to the provisions of Section 121(c) of the Companies Law, the Chief Executive Officer of the Company shall not serve as Chairman of the Board. The office of Chairman of the Board shall be vacated in each of the cases mentioned in Article 17.9 above or by a decision of the Board. The Board may also elect one or more members to serve as Vice Chairman, who shall have such duties and authorities as the Board may assign to him, subject to applicable law.

18.5. A director shall not be obliged to hold any shares in the Company.

19. PROCEEDINGS OF THE BOARD OF DIRECTORS

19.1. The Board shall convene for a meeting at least once every calendar quarter.

19.2. The Board may meet in order to exercise its powers pursuant to Section 92 of the Companies Law, including without limitation to supervise the Company's affairs, and it may, subject to the provisions of the Companies Law, adjourn its meetings and regulate its proceedings and operations as it deems fit. It may also prescribe the quorum required for the conduct of business. Until otherwise decided by the Board, a quorum shall be constituted if a majority of the directors holding office for the time being are present.

19.3. Should a director or directors be barred from being present and voting at a meeting of the Board pursuant to Section 278 of the Companies Law, the quorum shall be a majority of the directors entitled to be present and to vote at the meeting of the Board.

19.4. Any director, the Chief Executive Officer or the auditor of the Company in the event stipulated in Section 169 of the Companies Law, may, at any time, demand the convening of a meeting of the Board. The Chairman of the Board shall be obliged, on such demand, to call such meeting on the date requested by the director, the Chief Executive Officer or the auditor of the Company soliciting such a meeting, provided that proper notice pursuant to Article 19.5 is given.

19.5. Every director shall be entitled to receive notice of meetings of the Board, and such notice may be in writing or by facsimile, or electronic mail, sent to the last address (whether physical or electronic) or facsimile number given by the director for purposes of receiving notices, *provided* that the notice shall be given at least a reasonable amount of time prior to the meeting and in no event less than forty eight (48) hours prior notice, unless the urgency of the matter to be discussed at the meeting reasonably requires a shorter notice period.

19.6. Every meeting of the Board at which a quorum is present shall have all the powers and authorities vested for the time being in the Board. Any matter discussed in a meeting and brought up for decision by the Chairman of the Board shall be decided by a simple majority of the directors attending such meeting and voting on such matter. In the case of an equality of votes of the Board, the Chairman of the Board shall not have a second or casting vote, and the proposal shall be deemed to be defeated.

19.7. If the Chairman of the Board is not present within thirty (30) minutes after the time appointed for the meeting, the directors present shall elect one of their members to preside at such meeting.

19.8. The Board may adopt resolutions, without actually convening a meeting of the Board, provided that all the directors entitled to participate in the meeting and to vote on the subject brought for decision agree thereto. If resolutions are made as stated in this Article 19.8, the Chairman of the Board shall record minutes of the decisions stating the manner of voting of each director on the subjects brought for decision, as well as the fact that all the directors agreed to take the decision without actually convening.

19.9. The Board may hold meetings by use of any means of communication, on condition that all participating directors can hear each other at the same time. In the case of a resolution passed by way of a telephone call or any such other means of communication, a copy of the text of the resolution shall be sent, as soon as possible thereafter, to the directors.

20. GENERAL POWERS OF THE BOARD OF DIRECTORS

20.1. The supervision of the Company's affairs shall be in the hands of the Board, which shall be entitled to exercise all of the powers and authorities and to perform any act and deed which the Company is entitled to exercise and to perform in accordance with these Articles, and in respect of which there is no mandatory provision or requirement in the Companies Law or in the U.S. Rules that such powers and authorities be exercised or performed by the shareholders in a General Meeting or by a committee.

20.2. The Board may, from time to time, in its absolute discretion, borrow or secure any amounts of money required by the Company for the conduct of its business. The Board shall be entitled to raise or secure the repayment of an amount obtained by it, in such way and on such conditions and times as it deems fit.

20.3. The Board shall be entitled to issue documents of undertaking, such as options, debentures or debenture stock, whether linked or redeemable, convertible debentures or debentures convertible into other securities, or debentures which carry a right to purchase shares or to purchase other securities, or any mortgage, pledge, collateral or other charge over the property of the Company and its undertaking, in whole or in part, whether present or future, including the uncalled share capital or the share capital which has been called but not yet paid. The deeds of undertaking, debentures of various types or other forms of collateral security may be issued at a discount, at a premium or otherwise and with such preferential or deferred or other rights, as the Board shall, from time to time, decide.

21. BOARD COMMITTEES

21.1. The Board may, as it deems fit and subject to any applicable law, delegate to a committee certain of its powers and authorities, in whole or in part, as appropriate. The curtailment or revocation of the powers and authorities of a committee by the Board shall not invalidate a prior act of such committee or an act taken in accordance with its instructions, which would have been valid had the powers and authorities of the committee not been altered or revoked by the Board. Subject to applicable law, a committee may be comprised of one or more directors, and it may comprise persons who are not directors if it is appointed solely for the purpose of advising the Board and is not delegated any of Board's powers or authorities.

21.2. The meetings and proceedings of every such committee which is comprised of two (2) or more members shall be conducted in accordance with the provisions contained in these Articles in regard to the conduct of meetings and proceedings of the Board to the extent that the same are suitable for such committee, and so long as no provisions have been adopted in replacement thereof by the Board.

22. RATIFICATION OF ACTIONS

22.1. Subject to the Companies Law, all acts taken in good faith by the Board or a committee or by an individual acting as a member thereof shall be valid even if it is subsequently discovered that there was a defect in the appointment of the Board, the committee or the member, as the case may be, or that the members, or one of them, was or were disqualified from being appointed as a director(s) or to a committee.

22.2. The Board or any committee may ratify any act the performance of which at the time of the ratification was within the scope of the authority of the Board or the relevant committee. The General Meeting shall be entitled to ratify any act taken by the Board or any committee without authority or which was tainted by some other defect. From the time of the ratification, every act ratified as aforesaid, shall be treated as though lawfully performed from the outset.

23. **SIGNING POWERS**

23.1. Subject to any other resolution on the subject passed by the Board, the Company shall be bound only pursuant to a document in writing bearing its seal or its rubber stamp or its printed name, and the signature of whomever may be authorized by the Board, which shall be entitled to empower any person, either alone or jointly with another, even if he is not a shareholder or a director, to sign and act in the name and on behalf of the Company.

23.2. The Board shall be entitled to prescribe separate signing power in regard to different businesses of the Company and in respect of the limit of the amounts in respect of which various persons shall be authorized to sign.

24. **CHIEF EXECUTIVE OFFICER**

24.1. The Board shall, from time to time, appoint a Chief Executive Officer and subject to the provisions of the Companies Law delineate his powers and authorities and his remuneration. Subject to any contract between the Chief Executive Officer and the Company, the Board may dismiss him or replace him at any time it deems fit.

24.2. A Chief Executive Officer need not be a director or shareholder. Subject to the provisions of any contract between the Chief Executive Officer and the Company, if the Chief Executive Officer is also a director, all of the same provisions with regard to appointment, resignation and removal from office shall apply to the Chief Executive Officer in his capacity as a director, as apply to the Company's other directors.

24.3. The Board shall be entitled from time to time to delegate to the Chief Executive Officer for the time being such of the powers it has pursuant to these Articles as it deems appropriate. The Board shall be entitled to grant such powers for such period, for such purposes, on such conditions and with such restrictions as it deems appropriate, and it shall be entitled to grant such powers without renouncing the powers and authorities of the Board in such regard. The Board may revoke, annul and alter such delegated powers and authorities, in whole or in part, at any time.

24.4. Subject to the provisions of any applicable law, the remuneration of the Chief Executive Officer shall be fixed from time to time by the Board (and, so long as required by the Companies Law, shall be approved by the Compensation Committee and by the shareholders unless exempted from shareholders' approval) and such remuneration may be in the form of a fixed salary or commissions or a participation in profits, or combination thereof, or in any other manner which may be decided by the Board and approved according to this Article 24.4.

25. **SECRETARY, OFFICE-HOLDERS, CLERKS AND REPRESENTATIVES**

25.1. The Board shall be entitled, from time to time, to appoint, or to delegate to the Chief Executive Officer, either alone or together with other persons designated by the Board, the ability to appoint Office Holders (other than directors), a Secretary for the Company, employees and agents to such permanent, temporary or special positions, and to specify and change their titles, authorities and duties, and may set, or delegate to the Chief Executive Officer, either alone or together with other persons designated by the Board, the ability to set salaries, bonuses and other compensation of any employee or agent who is not an Office Holder. Salaries, bonuses and compensation of Office Holders who are not directors shall be determined and approved by the Chief Executive Officer, or in such other manner as may be required from time to time under the Companies Law. The Board, or the Chief Executive Officer, either alone or together with other persons designated by the Board (in the case of any Office Holder, employee or agent appointed by the Board), shall be entitled at any time, in its, his or their (as applicable) sole and absolute discretion, to terminate the services of one of more of the foregoing persons (in the case of a director, however, subject to compliance with Article 17.9 above), subject to any other requirements under applicable law.

25.2. The Board and the Chief Executive Officer may from time to time and at any time, subject to their powers under these Articles and the Companies Law, empower any person to serve as representative of the Company for such purposes and with such powers and authorities, instructions and discretions for such period and subject to such conditions as the Board or the Chief Executive Officer, as the case may be, shall deem appropriate. The Board or Chief Executive Officer may grant such person, *inter alia*, the power to further delegate the authority, powers and discretions vested in him, in whole or in part. The Board or the Chief Executive Officer, as the case may be, may revoke, annul, vary or change any such power or authority, or all such powers or authorities collectively.

26. **DIVIDENDS, BONUS SHARES, FUNDS AND CAPITALIZATION OF FUNDS AND PROFITS**

26.1. Unless otherwise permitted by the Companies Law, no dividends shall be paid other than out of the Company's profits available for distribution as set forth in the Companies Law. The Board may decide on the payment of a dividend or on the distribution of bonus shares. A dividend in cash or bonus shares shall be paid or distributed, as the case may be, equally to the holders of the ordinary shares registered in the Register, pro rata to the nominal amount of capital paid up or credited as paid up on par value of the shares, without reference to any premium which may have been paid thereon. However, whenever the rights attached to any shares or the terms of issue of the shares do not provide otherwise, an amount paid on account of a share prior to the payment thereof having been called, or prior to the due date for payment thereof, and on which the Company is paying interest, shall not be taken into account for purposes of this Article as an amount paid-up on account of the share.

26.2. Unless other instructions are given, it shall be permissible to pay any dividend by way of a check or payment order to be sent by post to the registered address of the shareholder or the person entitled thereto, or in the case of joint shareholders being registered, to the shareholder whose name appears first in the Register in relation to the joint shareholding. Every such check shall be made in favor of the person to whom it is sent. A receipt by the person whose name, on the date of declaration of the dividend, was registered in the Register as the owner of the shares, or in the case of joint holders, by one of the joint holders, shall serve as a discharge with regard to all the payments made in connection with such share.

26.3. The Board shall be entitled to invest any dividend which has not been claimed for a period of one (1) year after having been declared, or to make use thereof in any other way for the benefit of the Company until such time as it is claimed. A dividend or other beneficial rights in respect of shares shall not bear interest, and the Company shall not be obliged to pay interest or linkage in respect of an unclaimed dividend. The payment by the Board of any unclaimed dividend into a separate account shall not make the Company a trustee in respect thereof, and any dividend unclaimed after a period of seven (7) years from the date of declaration of such dividend shall be forfeited and shall revert to the Company, *provided, however*, that the Board may, at its discretion, cause the Company to pay any such dividend, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.

26.4. Unless otherwise specified in the terms of issue of shares or securities convertible into, or which grant a right to purchase, shares, any shares that are fully paid-up or credited as paid-up shall at any time confer on their holders the right to participate in the full dividends and in any other distribution for which the determining date for the right to receive the same is the date at which the aforesaid shares were fully paid-up or credited as fully paid-up, as the case may be, or subsequent to such date.

26.5. The Board shall be entitled to deduct from any dividend or other beneficial rights, all amounts of money which the holder of the share in respect of which the dividend is payable or in respect of which the other beneficial rights were given, may owe to the Company in respect of such share, whether or not the due date for payment thereof has arrived. The Board shall be entitled to retain any dividend or bonus shares or other beneficial rights in respect of a share in relation to which the Company has a lien, and to utilize any such amount or the proceeds received from the sale of any bonus shares or other beneficial rights, for the discharge of the debts or liabilities in respect of which the Company has a lien.

26.6. The Board may decide that a dividend is to be paid, in whole or in part, by way of a distribution of assets of the Company in kind, including by way of debentures of the Company, or shares or debentures of any other company, or in any other way.

26.7. The Board may decide that any portion of the amounts standing for the time being to the credit of any capital fund (including a fund created as a result of a revaluation of the assets of the Company), or which are held by the Company as profits available for distribution, shall be capitalized subject to and in accordance with the provisions of the Companies Law and of these Articles, and serve for the payment up in full (either at par or with a premium as prescribed by the Company) of shares which have not yet been issued or of debentures of the Company, which shall then be allotted and distributed amongst the shareholders as fully paid-up shares or debentures, pro rata to each shareholder’s entitlement under these Articles.

26.8. In every case that the Company issues bonus shares by way of a capitalization of profits or funds at a time at which securities issued by the Company are in circulation and confer on the holders thereof rights to convert the same into shares in the share capital of the Company, or options to purchase shares in the share capital of the Company (such rights of conversion or options shall henceforth be referred to as the "**Rights**"), the Board shall be entitled (in a case that the Rights or part thereof shall not be otherwise adjusted in accordance with the terms of their issue) to transfer to a special fund designated for the distribution of bonus shares in the future (to be called by any name that the Board may decide on and which shall henceforth be referred to as the "**Special Fund**") an amount equivalent to the nominal amount of the share capital to which some or all of the Rights holders would have been entitled as a result of the issue of bonus shares, had they exercised their Rights prior to the determining date for the right to receive bonus shares, including rights to fractions of bonus shares, and in the case of a second or additional distribution of bonus shares in respect of which the Company acts pursuant to this Article, including entitlement stemming from a previous distribution of bonus shares.

26.9. In the case of the allotment of shares by the Company as a consequence of the exercise of entitlement by the owners of shares in those cases in which the Board has made a transfer to the Special Fund in respect of the Rights pursuant to Article 26.8 above, the Board shall allot to each such shareholder, in addition to the shares to which he is entitled by virtue of having exercised his rights, such number of fully paid-up shares the nominal value of which is equivalent to the amount transferred to the Special Fund in respect of his rights, by way of a capitalization to be effected by the Board of an appropriate amount out of the Special Fund. The Board shall be entitled to decide on the manner of dealing with rights to fractions of shares in its sole discretion.

26.10. If after any transfer to the Special Fund has been made the Rights should lapse, or the period should end for the exercise of Rights in respect of which the transfer was effected without such Rights being exercised, then any amount which was transferred to the Special Fund in respect of the aforesaid unexercised Rights shall be released from the Special Fund, and the Company may deal with the amount so released in any manner it would have been entitled to deal therewith had such amount not been transferred to the Special Fund.

26.11. For the implementation of any resolution regarding a distribution of shares or debentures by way of a capitalization of profits as aforesaid, the Board may:

26.11.1. Resolve any difficulty which arises or may arise in regard to the distribution in such manner as it deems fit and may take all of the steps that it deems appropriate in order to overcome such difficulty.

26.11.2. Issue certificates in respect of fractions of shares, or decide that fractions of less than an amount to be decided by the Board shall not be taken into account for purposes of adjusting the rights of the shareholders or may sell the fractions of shares and pay the net proceeds to the persons entitled thereto.

26.11.3. Sign, or appoint a person to sign, on behalf of the shareholders on any contract or other document which may be required for purposes of giving effect to the distribution, and, in particular, shall be entitled to sign or appoint a person who shall be entitled to appoint and submit a contract as referred to in Section 291 of the Companies Law.

26.11.4. Make any arrangement or other scheme which is required in the opinion of the Board in order to facilitate the distribution.

26.12. The Board shall be entitled, as it deems appropriate and expedient, to appoint trustees or nominees for those registered shareholders who have failed to notify the Company of a change of their address and who have not applied to the Company in order to receive dividends, shares or debentures out of capital, or other benefits during the aforesaid period. Such trustees or nominees shall be appointed for the use, collection or receipt of dividends, shares or debentures out of capital and rights to subscribe for shares which have not yet been issued and which are offered to the shareholders but they shall not be entitled to transfer the shares in respect of which they were appointed, or to vote on the basis of holding such shares. In all of the terms and conditions governing such trusts and the appointment of such nominees it shall be stipulated by the Company that upon the first demand by a beneficial holder of a share being held by the trustee or nominee, such trustee or nominee shall be obliged to return to such shareholder the share in question and all of those rights held by it on the shareholder’s behalf (all as the case may be). Any act or arrangement effected by any such nominees or trustee and any agreement between the Board and a nominee or trustee shall be valid and binding in all respects.

27. **COMPANY RECORDS AND REGISTERS**

27.1. The Board shall comply with all the provisions of the Companies Law in regard to the recording of charges and the keeping and maintaining of a register of directors, register of shareholders and register of charges.

27.2. Any book, register and record that the Company is obliged to keep in accordance with the Companies Law or pursuant to these Articles shall be recorded in a regular book, or by digital, electronic or other means, as the Board shall decide.

27.3. Subject to and in accordance with the provisions of Sections 138 and 139 of the Companies Law, the Company may cause supplementary registers to be kept in any place outside Israel as the Board may deem fit, and, subject to all applicable requirements of the Companies Law, the Board may from time to time adopt such rules and procedures as it may deem fit in connection with the keeping of such supplementary registers.

28. **BOOKS OF ACCOUNT**

28.1. The Board shall keep proper books of account in accordance with the provisions of the Companies Law. The books of account shall be kept at the Office, or at such other place or places as the Board shall deem appropriate, and shall at all times be open to the inspection of members of the Board. A shareholder of the Company who is not a member of the Board shall not have the right to inspect any books or accounts or documents of the Company, unless such right has been expressly granted to him by the Companies Law, or if he has been permitted to do so by the Board or by the shareholders based on a resolution adopted at a General Meeting.

28.2. At least once each year the accounts of the Company and the correctness of the statement of income and the balance sheet shall be audited and confirmed by an independent auditor.

28.3. The Company shall, in an annual General Meeting, appoint an independent auditor who shall hold such position until the next annual General Meeting, and his appointment, remuneration and rights and duties shall be subject to the provisions of the Companies Law, *provided*, *however*, that in exercising its authority to fix the remuneration of the auditor, the shareholders in an annual General Meeting may, by a resolution, act (and in the absence of any action in connection therewith shall be deemed to have so acted) to authorize the Board to fix such remuneration subject to such criteria or standards, if any, as may be provided in such resolution, and if no such criteria or standards are so provided, such remuneration shall be fixed in an amount commensurate with both the volume and nature of the services rendered by the auditor. By an act appointing such auditor, the Company may appoint the auditor to serve for a period which is longer than the aforementioned period, but no longer than until the third Annual Meeting after the meeting at which the auditor has been appointed.

28.4. The auditor shall be entitled to receive notices of every General Meeting of the Company and to attend such meetings and to express his opinions on all matters pertaining to his function as the auditor of the Company.

28.5. Subject to the provisions of the Companies Law and the U.S. Rules, any act carried out by the auditor of the Company shall be valid as against any person doing business in good faith with the Company, notwithstanding any defect in the appointment or qualification of the auditor.

28.6. For as long as the Company is a public company, as defined in the Companies Law, it shall appoint an internal auditor possessing the authorities set forth in the Companies Law. The internal auditor of the Company shall present all of its proposed work plans to the audit committee of the Board, which shall have the authority to approve them, subject to any modifications in its discretion.

29. NOTICES

29.1. The Company may serve any written notice or other document on a shareholder by way of delivery by hand, by facsimile transmission or by dispatch by prepaid registered mail to his address as recorded in the Register, or if there is no such recorded address, to the address given by him to the Company for the sending of notices to him. Notwithstanding the foregoing or any other provision to the contrary contained herein, notices or any other information or documents required to be delivered to a shareholder shall be deemed to have been duly delivered if submitted, published, filed or lodged in any manner prescribed by applicable law. With respect to the manner of providing such notices or other disclosures, the Company may distinguish between the shareholders listed on its regular Registry and those listed in any “additional registry”, as defined in Section 138(a) of the Companies Law, administered by a transfer agent or stock exchange registration company.

29.2. Any shareholder may serve any written notice or other document on the Company by way of delivery by hand at the Office, by facsimile or email transmission to the Company or by dispatch by prepaid registered mail to the Company at the Office.

29.3. Any notice or document which is delivered or sent to a shareholder in accordance with these Articles shall be deemed to have been duly delivered and sent in respect of the shares held by him (whether in respect of shares held by him alone or jointly with others), notwithstanding the fact that such shareholder has died or been declared bankrupt at such time (whether or not the Company knew of his death or bankruptcy), and shall be deemed to be sufficient delivery or dispatch to heirs, trustees, administrators or transferees and any other persons (if any) who have a right in the shares.

29.4. Any such notice or other document shall be deemed to have been served:

29.4.1. in the case of mailing, forty eight (48) hours after it has been posted, or when actually received by the addressee if sooner than 48 hours after it has been posted;

29.4.2. in the case of overnight air courier, on the next day following the day sent, with receipt confirmed by the courier, or when actually received by the addressee if sooner;

29.4.3. in the case of personal delivery, when actually tendered in person to such shareholder;

29.4.4. in the case of facsimile or other electronic transmission (including email), the next day following the date on which the sender receives automatic electronic confirmation by the recipient's facsimile machine or computer or other device that such notice was received by the addressee; or

29.4.5. in the case a notice is, in fact, received by the addressee, when received, notwithstanding that it was defectively addressed or failed, in some other respect, to comply with the provisions of this Article 29.4.

29.5. Any shareholder whose address is not described in the Register, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to receive any notice from the Company. In the case of joint holders of a share, the Company shall be entitled to deliver a notice by dispatch to the joint holder whose name stands first in the Register in respect of such share.

29.6. Whenever it is necessary to give notice of a particular number of days or a notice for another period, the day of delivery shall be counted in the number of calendar days or the period, unless otherwise specified.

29.7. Notwithstanding anything to the contrary contained herein, notice by the Company of a General Meeting, containing the information required to be set forth in such notice under these Articles, which is published, within the time otherwise required for giving notice of such meeting, in:

29.7.1. the Company's website shall be deemed to be notice of such meeting duly given, for the purposes of these Articles, to any shareholder whose address as registered in the Register (or as designated in writing for the receipt of notices and other documents) is located in the State of Israel; and

29.7.2. one (1) notification by international wire service press release and furnishing of such release on Form 6-K to the U.S. Securities and Exchange Commission shall be deemed to be notice of such meeting duly given, for the purposes of these Articles, to any shareholder whose address as registered in the Register (or as designated in writing for the receipt of notices and other documents) is located outside the State of Israel.

30. INSURANCE, INDEMNITY AND EXCULPATION

30.1. Subject to the provisions of the Companies Law, the Company shall be entitled to enter into a contract to insure all or part of the liability of an Office Holder of the Company, imposed on him in consequence of an act which he has performed by virtue of being an Office Holder, in respect of any of the following:

30.1.1. The breach of a duty of care to the Company or to any other person, other than with respect to a distribution and excluding a breach committed intentionally or recklessly (other than a breach arising out negligent conduct);

30.1.2. The breach of a fiduciary duty to the Company, provided that the Office Holder acted in good faith and had reasonable grounds for believing that the action would not adversely affect the best interests of the Company;

30.1.3. A pecuniary liability imposed on him in favor of any other person in respect of an act done in his capacity as an Office Holder.

30.1.4. Any other circumstances arising under the law with respect to which the Company may, or will be able to, insure an Office Holder.

30.2. Subject to the provisions of the Companies Law, the Company shall be entitled to indemnify an Office Holder of the Company, to the fullest extent permitted by applicable law. Subject to the provisions of the Companies Law, including the receipt of all approvals as required therein or under any applicable law, the Company may resolve retroactively to indemnify an Office Holder with respect to the following liabilities or expenses, *provided*, in each of the below cases, that such liabilities or expenses were imposed on such Office Holder in such Office Holder's capacity as an Office Holder of the Company:

30.2.1. a financial liability imposed on him in favor of another person in any judgment, including a judgment imposed on him in a settlement confirmed as judgment or an arbitrator's decision that was approved by a court of law, in respect of an act performed by the Office Holder by virtue of the Office Holder being an Office Holder of the Company; *provided*, *however*, that: (a) any indemnification undertaking with respect to the foregoing shall be limited (i) to events which, in the opinion of the Board, are foreseeable in light of the Company's actual operations at the time of the granting of the indemnification undertaking, and (ii) to an amount or by criteria determined by the Board to be reasonable in the given circumstances; and (b) the events that in the opinion of the Board are foreseeable in light of the Company's actual operations at the time of the granting of the indemnification undertaking are listed in the indemnification undertaking together with the amount or criteria determined by the Board to be reasonable in the given circumstances;

30.2.2. reasonable legal expenses, including attorney's fees, expended by the Office Holder as a result of an investigation or proceeding instituted against such Office Holder by a competent authority, and which investigation or proceeding: (i) concluded without the filing of an indictment (as defined in the Companies Law) against such Office Holder and without a financial liability having been imposed against such Office Holder in lieu of a criminal proceeding (as defined in the Companies Law); (ii) concluded without the filing of an indictment against such Office Holder but with a financial liability having been imposed against such Office Holder in lieu of a criminal proceeding but relates to a criminal offense that does not require proof of criminal intent; or (iii) involves financial sanction;

30.2.3. reasonable legal expenses, including attorney's fees, paid for by the Office Holder, or which the Office Holder was charged by a court of law, in a proceeding brought against the Office Holder by the Company, or by another person on its behalf, or by a third party, or in a criminal prosecution in which the Office Holder was acquitted, or in which he was convicted of an offense that does not require proof of criminal intent; and

30.2.4. any other event, occurrence or circumstances in respect of which the Company may lawfully indemnify an Office Holder of the Company, including, without limitation: (i) a payment imposed on an Office Holder in favor of an injured party as set forth in Section 52(54)(a)(1)(a) of the Israeli Securities Law; and (ii) reasonable litigation expenses, including attorney fees, incurred by the director or officer in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Israeli Securities Law, or under Article D of the Fourth Chapter, Ninth Part of the Companies Law, if applicable, including reasonable legal expenses, which term includes attorney fees.

30.3. The Company may undertake to indemnify an Office Holder as aforesaid: (i) prospectively, provided that the undertaking is limited to categories of events which in the opinion of the Board can be foreseen when the undertaking to indemnify is given, and to an amount set by the Board as reasonable under the circumstances, and (ii) retroactively.

30.4. Subject to the provisions of the Companies Law including the receipt of all approvals as required therein or under any applicable law, the Company may, to the maximum extent permitted by the Companies Law, exempt and release, in advance, any Office Holder from any liability for damages arising out of a breach of a duty of care towards the Company, except in connection with distributions.

30.5. Any amendment to the Companies Law adversely affecting the right of any Office Holder to be indemnified or insured pursuant to Articles 30.1, 30.2 and 30.4 and any amendments to such Articles shall be prospective in effect, and shall not affect the Company's obligation or ability to indemnify or insure an Office Holder for any act or omission occurring prior to such amendment, unless otherwise provided by applicable law.

30.6. The provisions of Articles 30.1, 30.2 and 30.4 are not intended, and shall not be interpreted so as to restrict the Company, in any manner, in respect of the procurement of insurance or in respect of indemnification or exculpation, in favor of any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder; or any Office Holder to the extent that such insurance and/or indemnification is not specifically prohibited under law.

31. WINDING-UP AND REORGANIZATION

31.1. Should the Company be wound up and assets of the Company will remain available for distribution after covering all the Company's outstanding liabilities, such assets shall be distributed among the shareholders pro rata to the nominal value of the paid-up capital on the shares held by each of them.

31.2. Upon the sale of the Company's assets, the Board may, or in the case of a liquidation, the liquidators may, if authorized to do so by a resolution of the Company, accept fully or partly paid-up shares, or securities of another company, Israeli or non-Israeli, whether in existence at such time or about to be formed, in order to purchase the property of the Company, or part thereof, and to the extent permitted under the Companies Law, the Board may (or in the case of a liquidation, the liquidators may) distribute the aforesaid shares or securities or any other property of the Company among the shareholders without realizing the same, or may deposit the same in the hands of trustees for the shareholders, and the General Meeting by a resolution may decide, subject to the provisions of the Companies Law, on the distribution or allotment of cash, shares or other securities, or the property of the Company and on the valuation of the aforesaid securities or property at such price and in such manner as the shareholders at such General Meeting shall decide, and all of the shareholders shall be obliged to accept any valuation or distribution determined as aforesaid and to waive their rights in this regard, except, in a case in which the Company is about to be wound-up and is in the process of liquidation, for those legal rights (if any) which, according to the provisions of the Companies Law, may not be changed or modified.

32. TRANSLATION AND BINDING EFFECT

These Articles may be translated into Hebrew and/or into other languages. Notwithstanding the aforesaid, the English version of these Articles shall be binding upon the Company, its shareholders and/or any third party and shall supersede any translation thereof.

Exhibit 2.2

Description of Securities

The following is a summary of the material terms of our securities registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"). All references to the "Company," "we," "us," "our" and "Entera" refer to Entera Bio Ltd. As of December 31, 2020, our Ordinary Shares, par value NIS 0.0000769 per share (the "Ordinary Shares"), and our warrants, each exercisable for 0.5 Ordinary Share at an exercise price of $5.85 per Ordinary Share (the "IPO Warrants"), are the only type and class of securities of the Company that are registered under Section 12 of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended. We are incorporated as a limited liability company under the laws of the State of Israel.

Type and Class of Securities

Our Ordinary Shares and IPO Warrants are listed on the NASDAQ Capital Market under the symbol "ENTX" and "ENTXW," respectively. Our authorized share capital consists of 140,010,000 Ordinary Shares. All of our Ordinary Shares have been validly issued, fully paid and are non-assessable. Our fully paid Ordinary Shares are issued in registered form and may be freely transferred under our amended Articles of Association, subject to applicable law. We have issued 1,610,000 IPO Warrants, which represent the rights to purchase an aggregate of up to 805,000 Ordinary Shares. Subject to applicable law, the IPO Warrants may be offered for sale, sold, transferred or assigned without our consent.

For information about our securities not registered under Section 12 of the Exchange Act, see "Item 10.A Share Capital" under our Annual Report on Form 20-F.

Rights of our Ordinary Shares

Dividends and Liquidation Rights

Subject to the rights of holders of shares with preferential or special rights that may be authorized in the future, holders of our ordinary shares are entitled to participate in the payment of dividends pro rata in accordance with the amounts paid-up or credited as paid-up on the par value of such ordinary shares at the time of payment without taking into account any premium paid thereon. In the event of our liquidation, holders of our ordinary shares are entitled to a pro rata share of surplus assets remaining over liabilities, subject to rights conferred on any class of shares which may be issued in the future, in accordance with the amounts paid-up or credited as paid-up on the par value of such ordinary shares, without taking into account any premium paid thereon.

According to the Companies Law, a company may make a distribution of dividends out of its profits on the condition that there is no reasonable concern that the distribution may prevent the company from meeting its existing and expected obligations when they fall due. The Companies Law defines such profit as retained earnings or profits accrued in the last two years, whichever is greater, according to the last reviewed or audited financial statements of the company, provided that the end of the period to which the financial statements relate is not more than six months before the distribution. Declaration of dividends requires a resolution of our Board and does not require shareholder approval.

Under Israeli law, holders of ordinary shares are permitted to freely convert dividends and liquidation distributions into non-Israeli currencies. Such amounts may be subject to Israeli withholding tax and certain reporting obligations may apply. Pursuant to Israeli law, currency control measures may be imposed by governmental action at any time.

Voting Rights

Holders of our ordinary shares are entitled to one vote for each ordinary share on all matters submitted to a vote of shareholders, subject to any special rights of any class of shares that may be authorized in the future. Cumulative voting for the election of directors is not permitted.

Quorum

The quorum required for a meeting of shareholders consists of at least two shareholders, present in person or by proxy, holding at least 25% of our issued shares conferring voting rights. A shareholders' meeting will be adjourned for lack of a quorum, after half an hour from the time set for such meeting, to the same day in the following week at the same time and place, or any time and place as the board of directors designates in a notice to the shareholders. If at such adjourned meeting a quorum as specified above is not present within half an hour from the time designated for holding the meeting, subject to certain exceptions, any two shareholders present in person or by proxy shall constitute a quorum.

Shareholders' Meetings and Resolutions

The Chairman of our board of directors is entitled to preside as Chairman of each shareholders' meeting. If he is absent, his deputy or another person elected by the present shareholders will preside.

A simple majority is sufficient to approve most shareholders' resolutions, including any amendment to our Articles of Association, unless otherwise required by law or by our Articles of Association. For example, resolutions with respect to certain interested party transactions, or with respect to tender offers may require a special majority.

We are required to hold an annual meeting of our shareholders once every calendar year, but no later than 15 months after the date of the previous annual meeting. All meetings other than the annual meeting of shareholders are referred to as special meetings. Our board of directors may call special meetings whenever it sees fit, at such time and place as it may determine. In addition, the Companies Law provides that the board of directors of a public company is required to convene a special meeting upon the request of:

• any two directors of the company or one quarter of the board of directors; or

• one or more shareholders holding, in the aggregate: (i) five percent of the outstanding shares of the company and one percent of the voting power in the company; or (ii) five percent of the voting power in the company

The Companies Law enables our board of directors to fix a record date to allow us to determine the shareholders entitled to notice of, or to vote at, any meeting of our shareholders. Under current regulations, the record date may be not more than forty days and not less than four days prior to the date of the meeting and notice is required to be published at least 21 or 35 days prior to the meeting, depending on the items on the agenda. Under the Companies Law and regulations promulgated thereunder, one or more shareholders holding at least 1% of the voting rights at a general meeting of shareholders may request that the board of directors include a matter in the agenda of a general meeting of shareholders to be convened in the future, provided that such matter is appropriate for discussion at the general meeting.

Modification of Shareholders' Rights

The rights attached to a class of shares may be altered by the approval of the shareholders of such class holding a majority of the voting rights of such class. The provisions in our Articles of Association pertaining to general meetings also apply to any special meeting of a class of shareholders. The quorum required for such special meeting is at least two persons who are the holders of at least 25% of the outstanding shares of that class represented in person or by proxy at such meeting. If such special meeting is adjourned due to a lack of quorum, the quorum required at the subsequent meeting will be at least two persons who are holders of issued shares of that class or their proxies.

Preemptive Rights

Pursuant to our Articles of Association, no preemptive rights are attached to our ordinary shares.

Restrictions on Non-Residents of Israel

The ownership or voting of our ordinary shares by non-residents of Israel is not restricted in any way by our Articles of Association or the laws of Israel, except for ownership by nationals of some countries that are, or have been, in a state of war with Israel.

Rights of our IPO Warrants

Exercisability, Exercise Price and Term

As provided above, each IPO Warrant represents the right to purchase 0.5 of an Ordinary Share. As of December 31, 2020, 1,610,000 IPO Warrants are outstanding.

The IPO Warrants are exercisable at any time up to the five-year anniversary of the original issuance date, the date of our initial public offering, July 2, 2018, and is referred to as the termination date (*provided, however,* that if such date is not a business day, the termination date will be the immediately following business day), unless earlier repurchased by us as described below under "— Fundamental Transactions" or subject to early expiration as described below under "— Early Expiration upon Satisfaction of Sale Price Condition"; provided, that any single exercise must be in relation to a whole number of Ordinary Shares. A holder will initially be entitled to one Ordinary Share for every two IPO Warrants held and, as a result, will not be able to exercise IPO Warrants other than in integral multiples of two. To exercise IPO Warrants prior to the termination date, within one trading day (as defined in the IPO Warrants) of delivery of an exercise notice to the warrant agent, a IPO Warrant holder must pay to us in cash the exercise price for the aggregate number of Ordinary Shares to be purchased, unless such Warrant holder is utilizing the "cashless" exercise provision of the IPO Warrants, which is only available prior to the termination date if, at the time of exercise, there is no effective registration statement registering with the SEC, or no prospectus contained in an effective registration is available for, the issuance of the underlying Ordinary Shares, or, if required, there is not an effective state law registration or exemption covering the issuance of the Ordinary Shares underlying the Warrants. On the termination date, any Warrants not previously exercised, repurchased by us or subject to early expiration will terminate and expire worthless.

If a IPO Warrant is exercised via the "cashless" exercise provision, following delivery of an exercise notice to us a holder will receive a number of Ordinary Shares equal to the quotient obtained by dividing (i) the difference between (x) the arithmetic average of the volume-weighted average prices, or VWAPs (as determined pursuant to the terms of the Warrants) of the Ordinary Shares over each of the 10 consecutive trading days during the related calculation period (as defined below), and (y) the exercise price of the IPO Warrants multiplied by the number of Ordinary Shares issuable per Warrant by (ii) the 10-day average VWAP determined under clause (i)(x) above. In lieu of fractional shares, we will, at our option, either (A) pay the holder an amount in cash equal to the fractional amount multiplied by the market value of an Ordinary Share or (B) round up to the next whole share. The "calculation period" means the 10 consecutive trading day period beginning on, and including, the trading day immediately following the date on which a IPO Warrant is exercised (or deemed exercised) pursuant to the terms of the IPO Warrants.

A holder will not have the right to exercise any portion of its IPO Warrants if such holder (together with its affiliates, and any other persons acting as a group with the holder or any of its affiliates) would beneficially own in excess of 4.99% of the number of our Ordinary Shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the IPO Warrants. A holder may give not less than 61 days' prior notice to us to increase such beneficial ownership limit, up to 9.99%. To the extent that the limitation under this paragraph applies, the determination of a whether a IPO Warrant is exercisable, and of which portion of a IPO Warrant is exercisable, will be in the sole discretion of the holder, and the submission of an exercise notice will be deemed to be the holder's determination of whether a IPO Warrant is exercisable (in relation to other securities owned by the holder together with any affiliates, and any other persons acting as a group with the holder or any of its affiliates) and of which portion of the IPO Warrant is exercisable, in each case subject to the foregoing beneficial ownership restrictions, and we shall have no obligation to verify or confirm the accuracy of such determination and shall have no liability for exercises that are not in compliance with the beneficial ownership restrictions. The foregoing beneficial ownership restrictions will not apply to the extent a holder (together with its affiliates, and any other persons acting as a group with the holder or any of its affiliates) beneficially owned in excess of the foregoing beneficial ownership thresholds prior to the date of original issuance of the IPO Warrants.

Failure to Timely Deliver Shares

If we fail to deliver to a holder the Ordinary Shares otherwise deliverable by the second trading day after the receipt of a duly executed notice of exercise and the corresponding exercise price or, in the case of cashless exercise, by the second trading day after the final day of the applicable calculation period, in each case as required by the IPO Warrants (other than any such failure that is solely due to any action or inaction by the holder with respect to such exercise), and if the holder purchases the Ordinary Shares after that second trading day to deliver in satisfaction of a sale by the holder of the underlying IPO Warrant shares that the holder anticipated receiving from us, then, upon the holder's request, we will (A) pay in cash to the holder the amount, if any, by which (x) the holder's total purchase price (including brokerage commissions, if any) for the Ordinary Shares so purchased exceeds (y) the amount obtained by multiplying (1) the number of Ordinary Shares that we were required to deliver to the holder in connection with the relevant IPO Warrant exercise by (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the holder, either reinstate the portion of the IPO Warrant and equivalent number of IPO Warrant shares for which such exercise was not honored (in which case such exercise shall be deemed

rescinded) or deliver to the holder the number of Ordinary Shares that would have been issued had we timely complied with our exercise and delivery obligations under the IPO Warrant.

Certain Adjustments

The exercise price and number of Ordinary Shares issuable upon exercise of each IPO Warrant are subject to appropriate adjustment in the event of certain Ordinary Share dividends and distributions, share splits, stock combinations or similar events affecting our Ordinary Shares. The exercise price is subject to reduction if, within two years of the date of original issuance of the IPO Warrants, we sell or grant any IPO Warrant or option to subscribe for or purchase, or otherwise dispose of or issue, any Ordinary Shares or Ordinary Share equivalents (as defined in the IPO Warrants) at effective price of less than the then effective price per share (as adjusted in proportion with any adjustments made from time to time to the exercise price), which reduction will be based on a weighted average taking into account the value of the Ordinary Shares outstanding immediately prior to such new issuance, determined using the exercise price then in effect, and the value of the Ordinary Shares to be issued or sold or deemed issued or sold in such new issuance, determined using the effective price of such new issuance; provided that this sentence shall not apply to certain exempt issuances (as defined in the IPO Warrants). Notwithstanding the foregoing, in no event will the exercise price per share be lower than the nominal value of an Ordinary Share, which is NIS 0.0000769 as of the date of this annual report. From December 2019 to February 2020, we entered into a Private Placement Offering, or the Offering, with a group of accredited investors. As a result of the closing of the Private Placement, the exercise price of the IPO Warrants listed on the Nasdaq has been adjusted pursuant to the terms of the IPO Warrants, and effective as of the final closing of the Private Placement, the exercise price of the IPO Warrants is equal to $5.85.

During such time as the IPO Warrants are outstanding, if we declare or make any dividend or other distribution of our assets, (or rights to acquire our assets), or Distribution, to holders of Ordinary Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin-off, corporate rearrangement, scheme of arrangement or other similar transaction, other than (x) a reclassification as to which the provisions described below under "— Fundamental Transactions" apply or (y) any issuance, deemed issuance or automatic conversion of securities under the 2018 Plan), a IPO Warrant holder shall be entitled to participate to the same extent that the holder would have participated in such Distribution if the holder had held the number of Ordinary Shares acquirable upon complete exercise of its IPO Warrants (without regard to any limitations on exercise thereof, including without limitation, the beneficial ownership restrictions described above under "— Exercisability, Exercise Price and Term") immediately before the record date for such Distribution (provided, however, to the extent that a holder's right to participate in any such Distribution would result in the holder exceeding the beneficial ownership restriction, the holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any Ordinary Shares as a result of such Distribution to such extent) and the portion of such Distribution will be held in abeyance for the benefit of such holder until the earlier of (i) such time, if ever, as the delivery to the holder of such position would not result in such holder exceeding the beneficial ownership restriction and (ii) such time as the holder has exercised its IPO Warrants.

Fundamental Transactions

If (i) we effect any merger or consolidation of the Company with or into another person, (ii) we effect any sale, lease or other disposition of all or substantially all of our assets (other than, for the avoidance of doubt, pursuant to a licensing arrangement so long as, after giving effect to such arrangement, our Ordinary Shares are listed or quoted on a Designated Market (as defined below)), (iii) any purchase offer, tender offer or exchange offer (whether by us or another person) is completed pursuant to which holders of Ordinary Shares are permitted to sell, tender or exchange their Ordinary Shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Ordinary Shares, (iv) we effect any reclassification, reorganization or recapitalization of the Ordinary Shares or any compulsory share exchange pursuant to which the Ordinary Shares are effectively converted into or exchanged for other securities, cash or property, or (v) we consummate a stock or share purchase agreement or other business combination with another person or group of persons whereby such other person or group acquires more than 50% of our outstanding Ordinary Shares (each a "Fundamental Transaction"), then following such Fundamental Transaction, the holders of the IPO Warrants will be entitled to receive upon exercise thereof the kind and amount of securities, cash or other property that the holders would have received had they exercised the IPO Warrants immediately prior to such event. Any successor to us or surviving entity is required to assume the obligations under the IPO Warrants. Notwithstanding the foregoing, in the event of a Fundamental Transaction (other than any Fundamental Transaction that is (x) not within our control, including not approved by our board of directors, or (y) a Specified Fundamental Transaction (as defined below), in each case, as to which the right described in this sentence shall not apply), the holders will have the option, which may be exercised within 30 days after the consummation of the Fundamental Transaction (or, if later, the date of the public announcement of the applicable Fundamental Transaction), to require us or the successor entity to purchase the IPO Warrants from holders by paying to them an amount of cash equal to the Black Scholes value (determined in accordance with the provisions of the IPO Warrants) of the remaining unexercised portion of the IPO Warrants on the date of the consummation of the Fundamental Transaction; provided that if the Fundamental Transaction is not within our control, including not approved by our board of directors, within 30 days of the date of consummation of such Fundamental Transaction, a holder will be entitled to receive from us or any successor entity the same type or form of consideration (and in the same proportion), at the Black Scholes value of the unexercised portion of the IPO Warrants, that is being offered and paid to holders of our Ordinary Shares in connection with the Fundamental Transaction, whether that consideration be in the form of cash, stock or any

combination hereof, or whether the holders of our Ordinary Shares are given the choice to receive from among alternative forms of consideration in connection with the Fundamental Transaction.

A "Specified Fundamental Transaction" means a Fundamental Transaction (I) described in clause (i) of the definition thereof where, immediately after giving effect thereto (x) the holders of all of our classes of common equity immediately prior to such transaction own, directly or indirectly, more than 50% of all classes of common equity of the continuing or surviving corporation or transferee or the parent thereof immediately after such transaction in substantially the same proportions as such ownership immediately prior to such transaction, or (y) we will be the surviving entity, or (II) a transaction for which at least 90% of the consideration received or to be received by holders of Ordinary Shares, excluding cash payments for fractional shares and cash payments pursuant to dissenters' or appraisal rights, in connection with such Fundamental Transaction consists of Ordinary Shares, common shares or American depository shares that are listed or quoted on any of the NYSE American, the Nasdaq, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange, OTCQB or OTCQX (or any of their respective successors) (each, a "Designated Market") or will be so listed or quoted when issued or exchange in connection with such Fundamental Transaction.

Early Expiration upon Satisfaction of Sale Price Condition. We may accelerate the expiration date of the IPO Warrants upon written notice to the holders at any time, if the last reported sale price (as defined in the IPO Warrants) exceeds $24.00 per share, which is 300% of the initial public offering price per unit (as adjusted in proportion with any adjustments made from time to time to the exercise price) for a 10 consecutive trading day period. Any IPO Warrants not exercised by 5:00 p.m., New York City time, on the 30th calendar day following the date the acceleration notice is given will terminate and expire worthless.

Transferability. Subject to applicable laws, the IPO Warrants may be offered for sale, sold, transferred or assigned without our consent.

Rights as a Shareholder. Except as otherwise provided in the IPO Warrants or by virtue of such holder's ownership of our Ordinary Shares, the holder of a IPO Warrant does not have the rights or privileges of a holder of our Ordinary Shares, including any voting rights, until the holder exercises the IPO Warrant and delivers the corresponding executed exercise notice and exercise price, if any.

Governing Law. The IPO Warrants are governed by, and construed and enforced in accordance with, the laws of the State of New York. Matters involving the rights of shareholders, the issuance of Ordinary Shares and the validity of Ordinary Shares are governed by the laws of Israel.

Exhibit 4.30

November 30, 2020

Re: Offer of Employment

Dear Spiros Jamas,

I am very pleased to confirm our offer to you of employment with Entera Bio, Inc. (the "**Company**"), a wholly owned subsidiary of Entera Bio Ltd., an Israeli Company (the "**Parent**"), as the Chief Executive Officer of Parent (the "**Position**"). You will report to the board of directors of the Parent (the "**Parent Board**"). We are eager to begin integrating you into the Company as soon as possible. Therefore, we are pleased to offer you employment at-will with the Company based on the terms that are outlined in this letter agreement (the "**Offer**" or the "**Agreement**") as follows:

1. **Term**. Your Employment shall commence on January 4, 2021 (the "**Start Date**"), and shall continue until terminated by either party, pursuant to Section 10 hereof.

2. **Duties and Reporting Relationship**. During your employment with the Company, you shall devote 100% (one hundred percent) of your business time, and use your skills and render services to the best of your abilities on behalf of the Company, unless otherwise agreed in writing by the Parent Board. The Position is a full time, exempt position. You shall be responsible for all duties as reasonably required by the Position and as determined by the Parent Board. You shall comply with all legal requirements and all of the policies and procedures of the Company and the Parent, as in effect from time to time, observe high standard of integrity and act within the limits of your authority. In addition, you shall be permitted to provide services to trade and charitable organizations and serve on the board of directors of non-competitive companies, which are pre-approved in writing by the Parent Board, so long as such services will not conflict with, or does not interfere with your obligations hereunder or prevent you from performing all of your duties at the level and scope required pursuant to the terms of this Agreement and the applicable law.

3. **Place of Performance**. Initially, you shall work remotely. As and when the Company and the Parent return to full in person work protocols, your principal place of employment shall be Cambridge, Massachusetts, although you acknowledge and agree that in connection with your employment, you will be required to travel on behalf of the Company and render services within and outside the United States, including the Parent's offices in Israel.

4. **Annual Base Salary; Bonus**. The compensation set forth in this Section 4 below constitutes your sole and total available cash compensation and will be subject to adjustment pursuant to the Company's employee compensation policies and applicable law (for the purpose of this Agreement, references to "applicable law" shall include any applicable stock exchange regulations and rules) as in effect from time to time.

4.1 Salary. The Company will pay you an annual gross base salary of US $380,000 (the "**Annual Base Salary**"), payable during your employment in accordance with the Company's regular payroll practice in effect from time to time. Your Base Salary shall be subject to annual review and may be increased but not decreased. Your salary, bonus and other benefits will be subject to applicable withholding as required by law.

4.2 Bonus. In addition to the Annual Base Salary, you will be eligible to receive an annual bonus (the "**Bonus**") in an amount equal to up to 60% of your Annual Base Salary (the "**Target Bonus**"), subject to the terms of this section 4.2. The Bonus will be awarded on an annual basis and paid in the year following the calendar year to which the Bonus relates in accordance with the Parent's compensation policy but in no event later than ninety (90) days after the end of the applicable calendar year), based and subject to your meeting certain criteria and key performance indicators as shall be determined by the compensation committee of the Parent Board (the "**Compensation Committee**"), and the Parent Board from time to time, and in accordance with the Company's compensation plan and Company policies, as amended from time to time, and subject to applicable law. It is hereby clarified that the payment of the Bonus may be subject to an approval of the shareholders of the Company, to the extent required to be approved by the shareholders of the Parent in accordance with applicable law. The Company's goals, parameters, key performance indicators or any terms of the compensation plan or the Bonus entitlement may be reviewed, modified and adjusted by the Company, at any time and for any reason with respect to the future, upon notification to you; provided that any material

modification or adjustment made after the establishment of goals, parameters, key performance indicators or terms for a particularly bonus year may only be made with your written consent which such consent shall not be unreasonably withheld. The calculation and interpretation of any Bonus payable, and whether any criteria and/or performance standards have been met, shall be determined by the Compensation Committee and the Parent Board at their sole and final discretion, and shall not be subject to review or appeal. You must continue to be employed on the payment date to be entitled to payment of any Bonus granted by the Company according to the terms of this section 4.2 for any given calendar year.

5. **Benefits**.

5.1. You will be eligible to participate in the Company's standard full-time employment benefits that are offered by the Company from time to time, which are currently expected to include medical, short term disability and 401K benefits.

5.2. You will receive other benefits, including vacation, holidays and sick leave, as the Company generally provides to its employees from time to time. As an employee of the Company, you will be entitled to 20 (twenty) days of total paid time off (inclusive of sick days) ("**PTO**") per each full calendar year, and your PTO benefits generally will be subject to the Company's policies as in effect from time to time. In addition, the Company will offer seven (7) Company holidays: New Year's Day, Presidents' Day, Memorial Day, Independence Day (July 4), Thanksgiving and the Friday after Thanksgiving and Christmas Day.

5.3. Notwithstanding anything to the contrary herein, the Company reserves the right to change or otherwise modify, in its sole discretion, the benefits offered to employees to conform to the Company's general policies as such polices and benefits may be changed from time to time.

6. **Options**.

6.1 Subject to the approval of the Parent Board, at its sole discretion, the Company will recommend to the Parent Board that Parent grant you with an option to purchase the number of ordinary shares, par value 0.0000769 NIS each, of the Parent ("**Ordinary Shares**"), which is equal to 4.5% of the Parent's issued and outstanding share capital on a fully diluted basis as of the Start Date (including for the avoidance of doubt, any issued and outstanding options and warrants to purchase Ordinary Shares as of such date, but excluding any Ordinary Shares that are reserved for issuance under the Entera Bio Ltd. 2018 Equity Incentive plan, as may be amended from time to time ("**Option Plan**"), but are unallocated of such date) (the "**Options**"), subject to the requirements of the relevant securities, tax and other applicable laws and regulations. Subject to the approval of the Parent Board and the terms of the Options Agreement (as defined below), the Options will have an exercise price equal to the closing price of the Ordinary Shares as of the grant date by the Parent Board, and will vest over four (4) years, with 25% of the Options vesting at the end of your first anniversary with the Company, and thereafter the remaining 75% of the Options shall vest in equal quarterly increments, so long as you remain employed by the Company on a full time basis on each applicable vesting date (for the avoidance of doubt, and notwithstanding anything to the contrary in the Option Plan and the Options Agreement (as defined below), the Options shall stop vesting if you cease to be employed by the Company, irrespectively if you serve in the capacity of a director of the Parent). In the event of a Change in Control (as defined below), as long as you remain employed by the Company on a full time basis on the closing date of such event, any then outstanding unvested Options shall vest and become fully exercisable as of the closing of such Change in Control.

6.2 Upon and subject to the approval of the grant of the Options by the Parent Board and by the shareholders of the Parent as required by applicable law, and as a condition to the grant of the Options, you shall sign the standard option agreement with the Parent and the Company regarding the options (the "**Options Agreement**"). Notwithstanding anything herein to the contrary, the Options will be subject to applicable law, the terms and conditions of the Option Plan, the Options Agreement, and other terms and conditions approved by the Parent Board (which such terms and conditions shall be consistent with the vesting schedule and other terms set forth in this Agreement).

6.3 You will be responsible for any and all tax consequences in connection with the grant of the Options, and/or the exercise of the Options and sale of Ordinary Shares. The Company or Parent, as applicable, shall withhold taxes according to the requirements under applicable laws, rules, and regulations, including withholding taxes at source.

7. **Board Member of the Parent Company**. In addition, as long as you serve in your Position, the Parent shall make a recommendation to the shareholders of the Parent, at each relevant annual shareholders meeting of the Parent, to elect you as a director of the board of directors of the Parent (the "**Parent Board**"), subject to applicable law. Notwithstanding the foregoing, in the case of a termination of your employment with the Company for any reason, unless agreed otherwise in writing by the Company prior to the effective date of termination, you hereby irrevocably agree that such board membership with the Parent Board (and any board membership with any affiliate of the Company) will automatically expire and terminate upon the effective date of termination, and to the extent required by the Company or applicable law, you agree to execute all reasonable documents and take all other steps necessary to effectuate such termination and resignation from your position as a director of the Parent Board or any other affiliate of the Company.

8. **Reimbursement of Expenses**. The Company will reimburse you for all reasonable, documented out of pocket travel and other business expenses incurred in the performance of your duties upon your submission of appropriately itemized documentation and subject to, on all cases the Company's expense reimbursement policy as in effect from time to time.

9. **Confidentiality; Non-Competition, Non-Solicitation, and Assignment of Inventions Undertaking**. You are required to sign the Company's standard "Confidentiality, Non-Competition, Non-Solicitation, and Assignment of Inventions Undertaking in the form attached hereto as **Exhibit A** (the "**NDA**") as a condition precedent of your employment. We wish to impress upon you that we do not want you to, and we hereby direct you not to, bring with you any confidential or proprietary material of any former employer or to violate any other obligations you may have to any former employer. The terms and conditions of the NDA shall apply regardless of any change in the nature of your position, duties, compensation or employment with the Company.

10. **At Will Employment**. Should you decide to accept our offer, you will be an at-will employee of the Company, which means the employment relationship can be terminated by either of us for any reason (or for no reason at all), at any time, with or without cause, subject to delivery of 30 (thirty) days prior written notice to the other party; *provided* that the Company may elect to pay the applicable portion of your Annual Base Salary during the notice period in lieu of providing notice; *provided, further*, that the Company will not be required to provide advance notice or pay in lieu thereof in the case of a termination of your employment by the Company for Cause (as defined below). Any statements or representations to the contrary should be regarded by you as ineffective. Further, any participation in any stock option or benefit program is not to be regarded as assuring you of continuing employment for any particular period of time. Any modification or change in your at-will employment status may only occur by way of a written agreement signed by you and the Company. Salary and other benefits (including any Bonus) shall immediately terminate upon termination, other than as provided for herein; *provided*, *however*, that in case your employment is terminated by the Company without Cause or you resign for Good Reason (as defined below) at any time, you shall be entitled to (i) a one time lump sum severance payment equal to a period of twelve (12) months of your then-effective Annual Base Salary, and (ii) an extension of your exercise period with respect the vested Options as of the date of termination for up to two (2) years post-termination (provided that in no event shall such extension extend beyond 10 years from the grant date), in each case subject to your execution and non-revocation of a customary release of claims against the Company, the Parent and their affiliates. . Any severance to which you are entitled will be payable in one lump sum in the next regular Company pay period following expiration of any consideration and revocation period with respect to the release (such period not to exceed 60 days). If the consideration and revocation period spans two calendar years, then the lump payment will be paid on the first payroll date following expiration of the applicable revocation period in the second calendar year. Regardless of the circumstances surrounding the termination of your employment, you hereby undertake that upon termination of employment, you will return to the Company all Company's property and assist with any transition or handover of the position, unless otherwise instructed by the Company.

11. **Employee's Representations**. By signing this Offer, you represent and warrant that no provision of any law, regulation, agreement or other source prohibits you from entering into employment relations with the Company according to the terms of this Offer and fulfilling all its terms. Without derogating from the above, you undertake that your performance of the terms of this Offer will not breach any written or oral agreement entered into by you with a former employer or with any other third party. Subject to the provisions of Section 1 above, you further undertake not to engage, directly or indirectly, in any business, professional or commercial occupation outside your employment with the Company, whether or not such occupation is rendered for any gain, without the prior written approval of the Company, and subject to the terms of such approval. You further undertake to execute any D&O questionnaire and other affidavits as may be required according to applicable law (whether prior to the Start Date or as may be required from time to time).

12. **Authorization to Work; Background Check**. You are required to provide to the Company documentary evidence of your identity and your eligibility to work in the United States no later than the Start Date. If you have questions about this requirement, you may contact the Company's CFO, Dana Yaacov. If you do not do so, then this Offer shall be null and void and shall have no force and effect whatsoever. During your employment, should you cease to be eligible to work in the United States, for any reason, you shall immediately inform the Company of the same and your employment shall be terminated immediately. Eligibility to work in the United States is an express condition of your employment with the Company. In addition, consistent with the Company's pursuit of a quality workforce and professional services, the Company requires, as a condition of employment, that all applicants authorize and consent to a pre-employment background checks and drug screen. This Offer is contingent upon submitting to and successfully passing both, if the Company deems these necessary.

13. **Indemnification**. You will be entitled to execute the Parent's D&O indemnification agreement, in the same form as was executed by all other directors of the Company, subject to applicable law, the Company's articles of association and the required approvals. Subject to applicable law, you will be covered by the D&O insurance policy of the Parent in the same manner as applicable to all officers and directors of the Parent and the Company, as in effect from time to time, subject to the terms of such policy.

14. **Data Privacy; Monitoring of Company Systems**. You consent, of your own free will, that the information in this Agreement and any information concerning you that is gathered by the Company, will be held and managed by the Company or on its behalf, and that the Company shall be entitled to transfer such information to third parties, domestically or abroad. The Company undertakes that the information will be used and transferred for legitimate business purposes only. Without derogating from the generality of the above, such purposes may include human resources management and assessment of potential transactions. You agree that the Company may monitor your use of its systems and copy, transfer and disclose all electronic communications and content transmitted by or stored in such systems, in pursuit of the Company's legitimate business interests, all in accordance with the Company's policy as in force from time to time and subject to applicable law. For the purposes of this section, the term "systems" includes, without limitation, telephones, computers, computer systems, internet servers, electronic databases and software, whether under the your direct control or otherwise.

15. **Section** 409A. If at the time of your separation from service, you are a "specified employee," as defined in Section 409A of Code and the rules and regulations promulgated thereunder ("**Section 409A**"), any and all amounts that may be payable to you, if any, in connection with such separation from service that constitute deferred compensation subject to Section 409A and that would (but for this sentence) be payable within six months following such separation from service, shall instead be paid on the date that follows the date of such separation from service by six months. Notwithstanding anything to the contrary herein, to the extent required by Section 409A, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A. For purposes of Section 409A, each payment made under this Agreement and the NDA shall be designated as a "separate payment" within the meaning of Section 409A. Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A, (x) the amount of expenses eligible for reimbursement or in-kind benefits provided to you during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to you in any other calendar year, (y) the reimbursements for expenses for which you are entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (z) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

16. **Governing Law; Jurisdiction**. This Offer and the NDA shall be governed by the laws of the Commonwealth of Massachusetts, without giving effect to conflict of law provisions thereof, and the federal or state courts of the State of Massachusetts shall have exclusive jurisdiction with respect to any action or legal proceeding arising out of or relating to this Offer. YOU HEREBY IRREVOCABLY WAIVE ANY RIGHTS YOU MAY HAVE TO A TRIAL BY JURY, and further, irrevocably waive any objection with respect to the venue being an inconvenient forum.

17. **Entire Agreement**. This Offer, together with the NDA, will form the complete and exclusive statement of your employment agreement with the Company. It supersedes any other agreements or promises with respect to your employment made to you by anyone, whether oral or written, and it can only be modified in a written agreement signed by you and by another officer of the Company or director of the Parent Board.

18. **Expenses**. Each party hereto will bear its own fees and expenses in connection with the negotiation and preparation of this Agreement.

19. **Corporate approvals**. Notwithstanding anything to the contrary in this Agreement, it is hereby agreed that this Offer is subject to, and shall only enter into effect upon, the receipt of the approval by all corporate approvals as required according to applicable law (including without limitation, the Compensation Committee, the Parent Board and the shareholders of the Parent).

20. **Assignment**. The Company is allowed, at its sole discretion, to assign this Agreement or any other agreement with you, to any of its affiliates, without giving any prior notice. In any event of assignment as aforesaid, this Agreement shall apply to any successor or assignee, mutatis mutandis.

21. **Defined Terms**. Certain capitalized terms in this Agreement shall have the meaning set forth below.

"**Cause**" shall mean any material breach by you of any agreement to which you and the Company or Parent are both parties, or of any of the Company's or Parent's code of conduct or other material policies, that is injurious to the Company and/or Parent; substantial negligence in the performance of, or substantial failure to perform, your services to the Company or Parent, which breach, negligence or failure, as applicable, is not cured within fourteen (14) days following written notice by the Company or Parent; commission by you of a felony or other crime involving moral turpitude or having been the subject of any order, judicial or administrative obtained or issued by the SEC for any securities violation involving fraud; or willful misconduct by you which has, or could reasonably be expected to have, a material adverse effect upon the business, interests or reputation of the Company or Parent.

"**Change of Control**" shall mean: (a) the consummation of a merger or consolidation of the Parent with or into another entity, if persons who were not stockholders of the Parent immediately prior to such merger or consolidation own immediately after such merger or consolidation 50% or more of the total combined voting power of the outstanding equity securities of each of (i) the continuing or surviving entity and (ii) any direct or indirect parent corporation of such continuing or surviving entity; or (b) the sale, transfer or other disposition of all or substantially all, in one transaction or a series of related transactions within a 12-month period, to any person or entity (other than an affiliate of the Parent), of the assets of the Parent or its subsidiaries.

"**Resignation for Good Reason**" shall mean a separation from service as a result of your resignation after one of the following conditions has come into existence without your consent: (i) a material diminution in your compensation, except for across-the-board reductions approved by the Parent Board affecting all of the Company's and the Parent's executives and officers); or (ii) a material diminution in your title, duties, authority or responsibilities with Parent; (iii) a material breach of the Company's or Parent's obligation under any agreement between the Company and you; *provided, however*, that in each case, Good Reason shall in no event exist unless you have given written notice to Parent within sixty (60) days of the initial existence of the event(s) giving rise to such Good Reason, including specific details regarding such event(s) and unless Parent has thereafter failed to cure such event(s) within thirty (30) days after delivery of such written notice.

22. **Acceptance**. This Offer remains subject to approval of the Parent Board. This Offer will remain open until November __, 2020. If you decide to accept our Offer, and we hope you will, please sign the enclosed copy of this Offer in the space indicated as well as the NDA and return them to the Company. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this Offer and the attached documents. Should you have anything else that you wish to discuss, please do not hesitate to contact us.

[*Signature Page to Follow*]

We look forward to the opportunity to welcome you to the Company.

Very truly yours,

_____
Chairman of Parent Board

Attachments:

- *Exhibit A- Confidentiality, Non-Competition, Non-Solicitation, and Assignment of Inventions Undertaking.*

I have read and understood this Offer and hereby acknowledge, accept and agree to the terms as set forth above and further acknowledge that no other commitments were made to me as part of my employment offer except as specifically set forth herein.

_____
Spiros Jamas

Date signed: _____

Exhibit A

Confidentiality, Non-Competition, Non-Solicitation, and Assignment of Inventions Undertaking

I, the undersigned, employed by Entera Bio, Inc. ("**Company**"), pursuant to the offer letter between me and Company, dated November 30, 2020 ("**Agreement**"), and upon the signing of this Confidentiality, Non-Competition, Non-Solicitation, and Assignment of Inventions Undertaking (this "**Undertaking**"):

I acknowledge that in the course of my employment with the Company, I will become familiar with a range of Confidential Information (as defined below) and that my services are of particular and special value to the Group (as defined below). In consequence, I undertake the following towards Entera Bio Ltd., the parent company (the "**Parent**"), the Company and any other entities which control, are controlled by or are under common control with the Company and/or the Parent, now or in the future (individually and collectively referred to as the "**Group**").

I understand that the terms of this Undertaking shall survive termination of the Agreement.

1. Confidential Information and Confidentiality

1.1 I am aware that I may have access to or be entrusted with information (regardless of the manner in which it is recorded or stored) relating to the business interests, methodology or affairs of the Group, or any person or entity with whom or which the Group deals or is otherwise connected and which, for the avoidance of doubt, includes the terms of the Agreement, other than the terms of this Undertaking ("**Confidential Information**"). By way of illustration, Confidential Information includes but is not limited to technical information, whether ideas or reduced to practice, techniques, products, technologies (actual or planned) and their components, Inventions (as defined below), research and development activities, drawings, pricing methods, financial data, business and marketing strategies and plans, customer and supplier information and information pertaining to employees or officers of, or investors in, the Group.

1.2 During the term of the Agreement and at all times thereafter I shall keep confidential, and shall not except in the proper performance of my employment duties use, disclose and/or make available, directly or indirectly, to any third party any Confidential Information without the prior written consent of the Company. The foregoing does not apply to information that is already in the public domain through no fault of my own, or to disclosures which are required by law, in which case I will notify the Company immediately on becoming aware of such requirement or its likely occurrence.

1.3 Without derogating from the generality of the foregoing, I confirm that:

1.3.1 Except in the proper performance of my employment duties, I shall not copy, transmit, communicate, publish or make any commercial or other use whatsoever of any Confidential Information, without the prior written consent of the Company.

1.3.2 I shall exercise the highest degree of care in safeguarding the Confidential Information against loss, theft or other inadvertent disclosure and in maintaining its confidentiality.

1.3.3 Upon termination of my employment, or at the earlier request of my direct manager, I shall deliver to the Company all Confidential Information and any and all copies thereof that have been furnished to me, prepared by me or came to my possession howsoever, and I shall not retain copies thereof in whatever form.

2. Non-Competition and Non-Solicitation

I hereby covenant that throughout the term of the Agreement and for a period of twelve (12) months thereafter (the "**Restricted Period**"), I shall not, whether directly or indirectly, in any way:

2.1 in any capacity whatsoever, whether independently or as a shareholder (excluding holding up to 5% of the share capital of a public company), employee, consultant, officer or in any managerial capacity, carry on, set up, own, manage, control or operate, be employed, engaged or interested in a business which directly competes with, or proposes to directly compete with, the Group, or any part thereof; *provided, however*, that this Section 2.1 shall only apply if (a) the Company notifies me within ten days prior to my effective date of termination that this Section 2.1 should apply and (b) during the Restricted Period, the Company pays me an amount equal to 50% of what I would receive as base salary had I continued to be employed during the Restricted Period;

2.2 canvass, solicit, or endeavor to entice from the Group, or otherwise have any business dealings with, any person or entity who or which at any time during my employment was or is an employee, agent, officer, consultant, advisor or other independent contractor of or provider of services to the Group;

2.3 otherwise interfere with the relationship between any of the persons or entities listed in Section 2.2 and the Group (including by assisting another to interfere in such relationship).

2.4 I acknowledge that my obligations under this Section 2 are reasonable in light of my position and duties within the Company and the nature of the Group's business.

3. Inventions

3.1 I shall promptly disclose to the Parent Board (as defined in the Agreement) all inventions, original works of authorship, developments, know-how, trade secrets, designs, improvements and discoveries which I solely or jointly conceive, develop or reduce to practice or cause to be conceived, developed or reduced to practice during the course of my employment with the Company or which use Confidential Information or other Group's property, whether patentable or not ("**Inventions**").

3.2 I further confirm that all Inventions, and any and all rights, interests and title therein, shall be the exclusive property of the Group and I shall not be entitled to, and I hereby waive now and in the future, any claim to any right, compensation or reward in connection therewith.

3.3 Without derogating from the Group's rights under this Undertaking or any law, I agree to assign and hereby automatically assign and shall in the future take all the requisite steps (including by way of illustration only, signing all appropriate documents) to assign to the Company. or other member of the Group and/or its designee any and all of my foregoing rights, titles and interests in respect of any Inventions, on a worldwide basis and acknowledge now and in the future acknowledge the Group's full and exclusive ownership in all such Inventions. I shall, at any time hereafter, execute all documents and take all steps necessary to effectuate the assignment to the Group or its designee or to assist them to obtain the exclusive and absolute rights, title and interests in and to all Inventions, including by the registration of patents or trademarks, protection of trade secrets, copyright, or any other applicable legal protection, and to protect the same against infringement by any third party, including by assisting in any legal action requested by the Group with respect to the foregoing.

3.4 I hereby acknowledges and agree that all copyrightable works included in the Inventions shall be "works made for hire" within the meaning of the Copyright Act of 1976, as amended (17 U.S.C. §101) ("**Act**"), and that Company (or the Parent, if applicable) is to be the "author" within the meaning of the Act. In the event that title to any or all of the Inventions does not or may not by operation of law, vest in Company (or the Parent, if applicable), I hereby agree to promptly disclose and provide all Inventions to Company and hereby assign to Company (or the Parent, if applicable), all of my right, title and interest in all Inventions and all copies of them, in whatever medium fixed or embodied, and in all writing relating thereto in my possession or control. I hereby expressly waive that which may be known as or referred to as "moral rights," "artist's rights," "droit moral," or the like or similar rights in any Invention or any such work made for hire.

3.5 If Company (or the Parent, if applicable) is unable, after duly reasonable effort, to secure my signature on any such documents, I hereby irrevocably designate and appoint Company, the Parent and their duly authorized officers and agents as my agent and attorney-in-fact, to do all lawfully permitted acts (including but not limited to the execution, verification and filing of applicable documents) with the same legal force and effect as if performed by myself.

4. No Conflicting Obligations

I will not, at any time during the term of the Agreement, use or disclose any trade secrets or proprietary or confidential information in such manner that may breach any confidentiality or other obligation I owe to any former employer or other third party, without their prior written consent.

I warrant that I have the full right to assign the Inventions and the associated rights, titles and interests and that I have not made, and will not make, any agreement in conflict with this paragraph or Section 3 above.

5. Notice to Offerors

I agree that if, during my employment with the Company or the period of the restrictions set out in Section 2, I receive an offer of employment or engagement, I will provide a copy of this Undertaking to the offeror as soon as is reasonably practicable after receiving the offer and will inform the Company of the identity of the offeror.

6. Employee Protections

I understand that nothing in the Agreement, this Undertaking or otherwise limits my ability to communicate directly with and provide information, including documents, not otherwise protected from disclosure by any applicable law or privilege to the Securities and Exchange Commission (the "**SEC**"), any other federal, state or local governmental agency or commission ("**Government Agency**") or self-regulatory organization regarding possible legal violations, without disclosure to the Company. The Company may not retaliate against me for any of these activities.

Pursuant to the Defend Trade Secrets Act of 2016, the parties hereto acknowledge and agree that I shall not have criminal or civil liability under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition and without limiting the preceding sentence, if I file a lawsuit for retaliation by the Company for reporting a suspected violation of law, I may disclose the trade secret to my attorney and may use the trade secret information in the court proceeding, if I (X) file any document containing the trade secret under seal and (Y) do not disclose the trade secret, except pursuant to court order.

7. General

7.1 Without intending to limit the remedies available to the Company, I agree that a breach of any of the covenants contained in this Undertaking may result in material and irreparable injury to the Group for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat thereof, the Company shall be entitled to seek a temporary restraining order or a preliminary or permanent injunction, or both, without bond or other security, restraining me from engaging in activities prohibited by the covenants contained in this Undertaking or such other relief as may be required specifically to enforce any of the covenants contained in this Undertaking. Such injunctive relief in any court shall be available to the Company in lieu of, or prior to or pending determination in, any proceeding. In addition to the remedies the Company may seek and obtain hereunder, the Restricted Period shall be extended by any and all periods during which I am in breach of Section 2.

7.2 I acknowledge that any breach by me of my obligations pursuant to this Undertaking may cause substantial damage for which the Group shall hold me liable.

7.2 The terms of this Undertaking shall be interpreted in such a way as to give them maximum enforceability at law. The unenforceability of any term (or part thereof) shall not affect the enforceability of any other part of this Undertaking.

7.3 My undertakings hereunder are in addition to, and do not derogate from, any obligation to which I may be subject under applicable law or any Group policy or agreement.

7.4 I have been given at least ten days to review this Undertaking, and I have been advised that I should seek legal counsel to advise me on the terms hereof.

_____ _____

Spiros Jamas Date

Entera Bio Inc. hereby agrees to and accepts the assignment of all rights in the Inventions.

_____

Entera Bio Inc. _____

Name: Date

Title:

[Signature Page to Confidentiality, Non-Competition, Non-Solicitation, and Assignment of Inventions Undertaking]

Exhibit 8.1

Entera Bio Ltd.

The following is a list of subsidiaries of Entera Bio Ltd. as of December 31, 2020:

SUBSIDIARY	STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION
Entera Bio Inc.	Delaware

Exhibit 12.1

CERTIFICATION TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Dr. Spiros Jamas, certify that:

1. I have reviewed this annual report on Form 20-F of Entera Bio Ltd.;

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 company as of, and for, the periods presented in this report;

4. The company'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 company and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us 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 our 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 company's disclosure controls and procedures and presented in this report our 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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 17, 2021

/s/ Dr. Spiros Jamas
Name: Spiros Jamas
Title: Chief Executive Officer and Director

Exhibit 12.2

CERTIFICATION TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jonathan Lieber, certify that:

1. I have reviewed this annual report on Form 20-F of Entera Bio Ltd.;

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 company as of, and for, the periods presented in this report;

4. The company'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 company and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us 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 our 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 company's disclosure controls and procedures and presented in this report our 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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 17, 2021

/s/ Jonathan Lieber
Name: Jonathan Lieber
Title: Chief Financial Officer

Exhibit 13.1

CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of Entera Bio Ltd. (the "Company") for the fiscal year ended December 31, 2020 (the "Report"), I, Spiros Jamas, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2021

By: /s/ Dr. Spiros Jamas
Name: Spiros Jamas
Title: Chief Executive Officer and Director

Exhibit 13.2

CERTIFICATION BY THE PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with the Annual Report on Form 20-F of Entera Bio Ltd. (the "Company") for the fiscal year ended December 31, 2020 (the "Report"), I, Jonathan Lieber, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 17, 2021

By: /s/ Jonathan Lieber
Name: Jonathan Lieber
Title: Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (Nos. 333-238988 and 333-239843) and Form S-8 (No. 333-227488) of Entera Bio Ltd. of our report dated March 18, 2021 relating to the financial statements, which appears in this Form 20-F.

/s/ Kesselman & Kesselman
Certified Public Accountants (lsr.)
A member firm of PricewaterhouseCoopers International Limited

Tel-Aviv, Israel
March 18, 2021